UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2010 **Commission File No. 1-9328**

OR

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

For the transition period from to

ECOLAB INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**41-0231510** (I.R.S. Employer Identification No.)
370 Wabasha Street North, St. Paul, Minnesota (Address of principal executive offices)	**55102** (Zip Code)

Registrant's telephone number, including area code: **1-800-232-6522**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 par value	New York Stock Exchange, Inc.
Preferred Stock Purchase Rights	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ YES ☐ NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ YES ☒ NO

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. ☒ YES ☐ NO

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

Aggregate market value of voting and non-voting common equity held by non-affiliates of registrant on June 30, 2010: $10,463,167,000 (see Item 12, under Part III hereof), based on a closing price of registrant's Common Stock of $44.91 per share.

The number of shares of registrant's Common Stock, par value $1.00 per share, outstanding as of January 31, 2011: 232,664,561 shares.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the registrant's Annual Report to Stockholders for the year ended December 31, 2010 (hereinafter referred to as "Annual Report") are incorporated by reference into Parts I and II.

2. Portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held May 5, 2011 and to be filed within 120 days after the registrant's fiscal year ended December 31, 2010 (hereinafter referred to as "Proxy Statement") are incorporated by reference into Part III.

TABLE OF CONTENTS

PART I

Forward-Looking Statements

Item 1(a) General Development of Business

Item 1(b) Financial Information About Operating Segments

Item 1(c) Narrative Description of Business

Item 1(d) Financial Information About Geographic Areas

Item 1(e) Available Information

Executive Officers of the Registrant

Item 1A. Risk Factors

Item 1B. Unresolved Staff Comments

Item 2. Properties

Item 3. Legal Proceedings

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Item 6. Selected Financial Data

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Item 8. Financial Statements and Supplementary Data

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Item 9A. Controls and Procedures

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions, and Director Independence

Item 14. Principal Accounting Fees and Services

PART IV

Item 15. Exhibits, Financial Statement Schedules

SIGNATURES

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

EXHIBIT INDEX

PART I

Except where the context otherwise requires, references in this Form 10-K to either “Ecolab,” “Company,” “we” and “our” are to Ecolab Inc. and its subsidiaries, collectively.

Forward-Looking Statements

This Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operation” incorporated by reference into Item 7 of this Form 10-K, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include expectations concerning items such as benefits from new business systems, margin improvements, outlook for growth, restructuring charges and cost savings, bad debt and customer credit worthiness, disputes, claims and litigation and environmental contingencies, returns on pension plan assets, tax settlements, currency gains and losses, end-market trends and long-term potential, investments, sales and earnings growth, cash flow, business acquisitions, dividends, share repurchases, debt repayments, pension contributions, liquidity requirements and borrowing methods, impact of credit rating downgrade, new accounting pronouncements, regulatory clearance, completion and funding of pending acquisitions, tax deductibility of goodwill, non performance of counterparties, hedged transactions, income taxes, including unrecognized tax benefits or uncertain tax positions, environmental and regulatory considerations and laws and regulations. Without limiting the foregoing, words or phrases such as “will likely result,” “are expected to,” “will continue,” “is anticipated,” “we believe,” “we expect,” “estimate,” “project” (including the negative or variations thereof) or similar terminology, generally identify forward-looking statements. Forward-looking statements may also represent challenging goals for us. These statements, which represent the Company’s expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such forward-looking statements. We caution that undue reliance should not be placed on such forward-looking statements, which speak only as of the date made. Some of the factors which could cause results to differ from those expressed in any forward-looking statement are set forth under Item 1A of this Form 10-K, entitled Risk Factors.

Item 1. Business .

Item 1(a) General Development of Business .

Ecolab was incorporated as a Delaware corporation in 1924. Our fiscal year is the calendar year ending December 31.

During 2010, we took the following actions to continue to build our business:

- We completed the roll out of the Ecolab Business Solution (“EBS”), the implementation of a common set of business processes and systems, in the majority of our European operations. We also began implementation of EBS in China.

- In September 2010, we acquired the commercial laundry division of Dober Chemical Corp. The acquisition strengthens our U.S. and Canada Textile Care business by adding customer relationships and business scale, as well as important customer technology. The acquired business has annual sales of approximately $37 million and became part of the Company’s U.S. Cleaning & Sanitizing and International operations.

- In November 2010, we announced an agreement to purchase selected assets of O.R. Solutions, Inc., a privately-held developer and marketer of surgical fluid warming and cooling systems in the United States. Annual sales of the business to be acquired are approximately $55 million. Completion of the transaction remains subject to receipt of regulatory clearance and satisfaction of other customary closing conditions.

- In December 2010, subsequent to our 2010 fiscal year-end for International operations, we purchased selected assets of the Cleantec business of Campbell Brothers Ltd., in Australia. Cleantec is a developer, manufacturer and marketer of cleaning and hygiene products. The business, which has annual sales of approximately $55 million, became part of our International operations in the first quarter of 2011.

In early 2011, subsequent to our 2010 year-end, significant developments included a $100 million voluntary contribution in January to our U.S. pension plan, and in February we repaid our $150 million 6.875% notes when they became due. Separately, in February 2011, we announced that we are developing plans for an accelerated restructuring of our European operations leveraging the new EBS platform in order to streamline the organization, improve efficiency and competitiveness, and more rapidly improve the region's profitability.

Item 1(b) Financial Information About Operating Segments .

The financial information about reportable segments appearing under the heading "Operating Segments" in Note 16, located on pages 40 and 41 of the Annual Report, is incorporated herein by reference.

Item 1(c) Narrative Description of Business .

General *:* Ecolab develops and markets premium products and services for the hospitality, foodservice, healthcare and industrial markets. We provide cleaning and sanitizing products and programs, as well as pest elimination, maintenance and repair services primarily to customers in the foodservice, food and beverage processing, hospitality, healthcare, government and education, retail, textile care, commercial facilities management and vehicle wash sectors. A strong commitment to customer support and sustainable solutions is a distinguishing characteristic of our business. Additional information on our business philosophy is found below under the heading "Additional Information — Competition" of this Item 1(c).

The following description of our business is based upon our three reportable segments as reported in our consolidated financial statements. However, we pursue a "Circle the Customer — Circle the Globe" strategy by providing products, systems and services which serve our customer base, and do so on a global basis to meet the needs of our customers' various operations around the world. Therefore, one customer may utilize the products or services of all three of the segments, and there is interdependence among the operating segments.

United States Cleaning & Sanitizing Segment

The "United States Cleaning & Sanitizing" segment is comprised of six business units which provide cleaning and sanitizing products and programs to United States markets.

Institutional : The Institutional Division is our largest division and sells specialized cleaners and sanitizers for washing dishes, glassware, flatware, foodservice utensils and kitchen equipment ("warewashing"), for on-premise laundries (typically used by hotel and healthcare customers) and for general housekeeping functions, as well as food safety products and equipment, water filters, dishwasher racks and related kitchen sundries to the foodservice, lodging, educational and healthcare industries. The Institutional Division also provides pool and spa treatment programs for hospitality and other commercial customers, as well as a broad range of janitorial cleaning and floor care products and programs to customers in hospitality, health care and commercial facilities. The Institutional Division develops and markets various chemical dispensing device systems, which are made available to customers, to dispense our cleaners and sanitizers. In addition, the Institutional Division markets a lease program comprised of energy-efficient dishwashing machines, detergents, rinse additives and sanitizers, including full machine maintenance.

We believe that we are the leading supplier of chemical warewashing products and programs to institutions in the United States.

The Institutional Division sells its products and programs primarily through company-employed field sales personnel. We also utilize independent, third-party foodservice, broad-line and janitorial distributors to provide logistics to end customers for accounts that prefer to purchase through these distributors. Many of these distributors also participate in marketing our product and service offerings to the end customers. We generally provide the same customer support to accounts supplied by these distributors as we do to direct customers.

Food & Beverage : Our Food & Beverage Division addresses cleaning and sanitation at the beginning of the food chain to facilitate the processing of products for human consumption. The Division provides detergents, cleaners, sanitizers, lubricants and animal health products, as well as cleaning systems, electronic dispensers and chemical injectors for the application of chemical products, primarily to dairy plants, dairy farms, breweries, soft-drink bottling plants, and meat, poultry and other food processors. The Food & Beverage Division is also a leading developer and marketer of antimicrobial products used in direct contact with meat, poultry, seafood and produce during processing in order to reduce microbial contamination. The Food & Beverage Division also designs, engineers and installs CIP ("clean-in-place") process control systems and facility cleaning systems for its customer base. Products for use on farms are sold through dealers and independent, third-party distributors, while products for use in processing facilities are sold primarily by our field sales personnel. Also within the Food & Beverage Division, our Water, Energy & Waste business offers sustainable solutions designed to reduce our customers' operational costs. This is performed through water treatment programs for heating, cooling and filtration processes, along with customized wastewater treatment offerings.

We believe that we are one of the leading suppliers of cleaning and sanitizing products to the dairy plant, dairy farm, food, meat and poultry, and beverage/brewery processor industries in the United States.

Kay : Ecolab's Kay business unit supplies cleaning and sanitizing chemical products and related items primarily to regional, national and international quick service restaurant (QSR) chains and to regional and national food retailers (i.e., supermarkets and grocery stores). Its products include specialty and general purpose hard surface cleaners, degreasers, sanitizers, polishes, hand care products and assorted cleaning tools and equipment which are primarily sold under the "Kay" and "Ecolab" brand names. Kay's cleaning and sanitation programs are customized to meet the needs of the market segments it serves and are designed to provide highly effective cleaning performance, promote food safety, reduce labor costs and enhance user and guest safety. A number of product dispensing options are available for products in the core product range. Kay supports its product sales with employee training programs and technical support designed to meet the special needs of its customers.

Both Kay's QSR business and its food retail business utilize a corporate account sales force which establishes relationships and negotiates contracts with customers at the corporate headquarters and regional office levels (and, in the QSR market segment, at the franchisee level) and a field sales force which provides program support at the individual restaurant or store level. Customers in the QSR market segment are primarily supplied through third party distributors while most food retail customers utilize their own distribution networks.

We believe that Kay is the leading supplier of chemical cleaning and sanitizing products to the QSR market segment and the food retail market segment in the United States. While Kay's customer base has grown over the years, Kay's business remains largely dependent upon a limited number of major QSR chains and franchisees and large food retail customers.

Healthcare : Our Healthcare Division provides infection prevention and other healthcare related offerings to acute care hospitals, surgery centers, dental offices and veterinary clinics. The Healthcare Division's proprietary infection prevention products (hand hygiene, hard surface disinfectants, instrument cleaners, patient drapes, fluid control products and equipment drapes) are sold primarily under the "Ecolab" and "Microtek" brand names to various departments within the acute care environment (Infection Control, Environmental Services, Central Sterile and Operating Room). The Healthcare Division's Microtek Medical business, is a leader in niche branded specialty surgical drapes and fluid control products. The Healthcare Division sells its products and programs primarily through company-employed field sales personnel but also sells through healthcare distributors.

Textile Care : Our Textile Care Division provides chemical laundry products and proprietary dispensing systems, as well as related programs, to large industrial and commercial laundries. Typically these customers include free-standing laundry plants used by institutions such as hotels, restaurants and healthcare facilities as well as industrial and textile rental laundries. Products and programs include laundry cleaning and specialty products, related dispensing equipment, plus water and energy management which are marketed primarily through company-employed field sales personnel and, to a lesser extent, through independent, third-party distributors. The Textile Care Division's programs are designed to meet our customers' needs for exceptional cleaning, while extending the useful life of linen and reducing the customers' overall operating cost.

Vehicle Care *:* Our Vehicle Care Division provides vehicle appearance products which include soaps, polishes, sealants, wheel and tire treatments and air fresheners. Products are sold to vehicle rental, fleet and consumer car wash and detail operations. Brand names utilized by the Vehicle Care Division include Blue Coral ®, Black Magic ® and Rain-X ®.

United States Other Services Segment

The "United States Other Services" segment is comprised of two business units: Pest Elimination and GCS Service. In general, these businesses provide service or equipment which can augment or extend our product offering to our business customers as a part of our "Circle the Customer" approach.

Pest Elimination : Our Pest Elimination Division provides services designed to detect, eliminate and prevent pests, such as rodents and insects, in restaurants, food and beverage processors, educational and healthcare facilities, hotels, quick service restaurant and grocery operations and other institutional and commercial customers. These services are sold and performed by company-employed field sales and service personnel. In addition, through our EcoSure Food Safety Management business, we provide customized on-site evaluations, training and quality assurance services to foodservice operations.

GCS Service : GCS Service provides equipment repair and maintenance services for the commercial food service industry. Repair services are offered for in-warranty repair, acting as the manufacturer's authorized service agent, as well as after warranty repair. In addition, GCS Service operates as a parts distributor to repair service companies and end users.

International Segment

We conduct business in approximately 72 countries outside of the United States through wholly-owned subsidiaries or, in the case of Venezuela, through a joint venture with a local partner. In other countries, selected products are sold by our export operations to distributors, agents or licensees, although the volume of those sales is not significant in terms of our overall revenues. Our largest International operations are located in Europe, Asia Pacific, Latin America and Canada, with smaller operations in Africa and the Middle East.

In general, the businesses conducted internationally are similar to those conducted in the United States but are managed on a geographic basis. The businesses which are similar to the United States' Institutional and Food & Beverage businesses are the largest businesses in our International operations. They are conducted in virtually all of our International locations and, compared to the United States, constitute a larger portion of the overall business. Healthcare and Textile Care are also significant businesses in our International operations, particularly in Europe. Kay has sales in a number of International locations. A significant portion of Kay's international sales are to international units of United States-based quick service restaurant chains. Consequently, a substantial portion of Kay's international sales are made either to domestic or internationally-located third-party distributors who serve these chains.

Our Pest Elimination business continues to expand its geographic coverage. We operate this business in various countries in Asia Pacific, Western Europe, Latin America and South Africa, with the largest operations in France and the United Kingdom.

Our other businesses are conducted less extensively in our International locations. However, in general, most of the principal businesses conducted in the United States are also operated in Canada.

International businesses are subject to the usual risks of foreign operations, including possible changes in trade and foreign investment laws, tax laws, currency exchange rates and economic and political conditions abroad. The profitability of our International operations has historically been lower than the profitability of our businesses in the United States, due to (i) the smaller scale of International operations where many operating locations are smaller in size, (ii) the additional cost of operating in numerous and diverse foreign jurisdictions and (iii) higher costs of importing certain raw materials and finished goods in some regions. Proportionately larger investments in sales, technical support and administrative personnel are also necessary in order to facilitate the growth of our International operations.

Additional Information

Competition : Our business units have two significant classes of competitors. First, each business unit competes with a small number of large companies selling directly or through distributors on a national or international scale. Second, all of our business units have numerous smaller regional or local competitors which focus on more limited geographies, product lines and/or end-user segments.

Our objective is to achieve a significant presence in each of our business markets. In general, competition is based on customer support, product performance and price. We believe we compete principally by providing superior value, premium customer support and differentiated products to help our customers protect their brand reputation. Value is provided by state-of-the-art cleaning, sanitation and maintenance products and systems coupled with high customer support standards and continuing dedication to customer satisfaction. This is made possible, in part, by our significant on-going investment in training and technology and by our standard practice of advising customers on ways to lower operating costs and helping them comply with safety, environmental and sanitation regulations. In addition to our consultative approach, we emphasize our ability to uniformly provide a variety of related premium cleaning and sanitation programs to our customers and to provide that level of customer support to multiple locations of chain customer organizations worldwide. This approach is succinctly stated in our "Circle the Customer - Circle the Globe" strategy which is discussed above in this Item 1(c) under the heading "General."

Sales : Products, systems and services are primarily marketed in domestic and international markets by company-trained field sales personnel who also advise and assist our customers in the proper and efficient use of the products and systems in order to meet a full range of cleaning and sanitation needs. Independent, third-party distributors are utilized in several markets, as described in the business unit descriptions found under the discussion of the three reportable segments above.

Number of Employees : We had approximately 26,500 employees as of December 31, 2010.

Customers and Classes of Products : We believe that our business is not materially dependent upon a single customer although, as described above in this Item 1(c) under the description of the Kay business, Kay is largely dependent upon a limited number of national and international quick service chains and franchisees. Additionally, although we have a diverse customer base and no customer or distributor constitutes 10 percent or more of our consolidated revenues, we do have customers and independent, third-party distributors, the loss of which could have a material negative effect on results of operations for the affected earnings periods; however, we consider it unlikely that such an event would have a material adverse impact on our financial position. No material part of our business is subject to renegotiation or termination at the election of a governmental unit. We sell two classes of products which each constitute 10 percent or more of our sales. Sales of warewashing products in 2010, 2009 and 2008 approximated 19 percent of our consolidated net sales. In addition, through our Institutional and Textile Care businesses around the world, we sell laundry products and provide customer support to a broad range of laundry customers. Sales of laundry products and services in 2010, 2009 and 2008 approximated 10, 11 and 11 percent, respectively, of our consolidated net sales.

Patents and Trademarks : We own and license a number of patents, trademarks and other intellectual property. While we have an active program to protect our intellectual property by filing for patents or trademarks, and pursuing legal action, when appropriate, to prevent infringement, we do not believe that our overall business is materially dependent on any individual patent or trademark.

Seasonality : We do experience variability in our quarterly operating results due to seasonal sales volume and business mix fluctuations in our operating segments. Note 17, entitled "Quarterly Financial Data" located on page 42 of the Annual Report, is incorporated herein by reference.

Working Capital : We have invested in the past, and will continue to invest in the future, in merchandising equipment consisting primarily of systems used by customers to dispense our cleaning and sanitizing products. Otherwise, we have no unusual working capital requirements.

Manufacturing and Distribution : We manufacture most of our products and related equipment in Company-operated manufacturing facilities. Some products are also produced for us by third-party contract manufacturers. Other products and equipment are purchased from third-party suppliers. Additional information on product/equipment sourcing is found in the segment discussions above and additional information on our manufacturing facilities is located beginning at page 16 of this Form 10-K under the heading "Properties."

Deliveries to customers are made from our manufacturing plants and a network of distribution centers and third-party logistics service providers. We use common carriers, our own delivery vehicles, and distributors for transport. Additional information on our plant and distribution facilities is located beginning at page 16 of this Form 10-K under the heading "Properties."

Raw Materials : Raw materials purchased for use in manufacturing our products are inorganic chemicals, including alkalis, acids, phosphorous materials, silicates and salts, and organic chemicals, including surfactants and solvents. These materials are generally purchased on an annual contract basis from a diverse group of chemical manufacturers. When practical, global sourcing is used so that purchasing or production locations can be shifted to control product costs at globally competitive levels. Our Healthcare Division purchases plastic films and parts to manufacture medical devices that serve the surgical and infection prevention markets. Pesticides used by our Pest Elimination Division are purchased as finished products under contract or purchase order from the producers or their distributors. We also purchase packaging materials for our manufactured products and components for our specialized cleaning equipment and systems. Most raw materials, or substitutes for those materials,

used by us, with the exception of a few specialized chemicals which we manufacture, are available from several suppliers.

Research and Development : Our research and development program consists principally of devising and testing new products, processes, techniques and equipment, improving the efficiency of existing ones, improving service program content, and evaluating the environmental compatibility of products. Key disciplines include analytical and formulation chemistry, microbiology, process and packaging engineering and product dispensing technology. Substantially all of our principal products have been developed by our research, development and engineering personnel. At times, technology has also been licensed from third parties to develop offerings. Note 13, entitled “Research Expenditures” located on page 36 of the Annual Report, is incorporated herein by reference.

Environmental and Regulatory Considerations : Our businesses are subject to various legislative enactments and regulations relating to the protection of the environment and public health. While we cooperate with governmental authorities and take commercially practicable measures to meet regulatory requirements and avoid or limit environmental effects, some risks are inherent in our businesses. Among the risks are costs associated with transporting and managing hazardous materials and waste disposal and plant site clean-up, fines and penalties if we are found to be in violation of law, as well as modifications, disruptions or discontinuation of certain operations or types of operations including product recalls and reformulations. Additionally, although we are not currently aware of any such circumstances, there can be no assurance that future legislation or enforcement policies will not have a material adverse effect on our consolidated results of operations, financial position or cash flows. Environmental and regulatory matters most significant to us are discussed below.

Ingredient Legislation : Various laws and regulations have been enacted by state, local and foreign jurisdictions pertaining to the sale of products which contain phosphorous, volatile organic compounds, or other ingredients that may impact human health or the environment. Under California Proposition 65, label disclosures are required for certain products containing chemicals listed by California. Chemical management initiatives that promote pollution prevention through research and development of safer chemicals and safer chemical processes are being advanced by certain states, including California, Maine, Massachusetts, Minnesota and Oregon. Environmentally preferable purchasing programs for cleaning products have been enacted in nine states to date, and in 2010 were considered by several other state legislatures. Cleaning product ingredient disclosure legislation was re-introduced in the U.S. Congress in 2010 but did not pass, and several states including California and New York are considering further regulations in this area. To date, we generally have been able to comply with such legislative requirements by reformulation or labeling modifications. Such legislation has not had a material adverse effect on our consolidated results of operations, financial position or cash flows to date.

TSCA : Re-authorization of the Toxic Substances Control Act (“TSCA”) and an update of the chemicals on the TSCA Inventory (the so-called “reset” of the TSCA Inventory) are being discussed in the U.S. Congress. The U.S. Environmental Protection Agency (EPA) is also more aggressively using the existing TSCA tools to manage chemicals of concern. Ecolab anticipates that compliance with new requirements under TSCA could be similar to the costs associated with REACH in the European Union, which is discussed below.

REACH : The European Union has enacted a new regulatory framework for the Registration, Evaluation and Authorization of Chemicals (“REACH”). It established a new European Chemicals Agency (“ECHA”) in Helsinki, Finland, which is responsible for evaluating data to determine hazards and risks and to manage this program for authorizing chemicals for sale and distribution in Europe. Ecolab has met the pre-registration requirements of REACH, the 2010 registration deadline, and is on track to meet the upcoming registration deadlines and requirements in 2013 and beyond. To help manage

this new program, Ecolab is simplifying its product line and working with chemical suppliers to comply with registration requirements. The impact of REACH will also be felt by our competitors. Potential costs to us are not yet fully quantifiable, but are not expected to have a material adverse effect our consolidated results of operations, financial position or cash flows.

GHS : In 2003, the United Nations issued a standard on hazard communication and labeling of chemical products known as the Globally Harmonized System of Classification and Labeling of Chemicals ("GHS"). GHS is designed to facilitate international trade and increase safe handling and use of hazardous chemicals through a worldwide system that classifies chemicals based on their intrinsic hazards and communicates information about those hazards through standardized product labels and safety data sheets ("SDSs"). Most countries in which we operate will adopt GHS-related legislation, and a few countries already have done so. The primary cost of compliance revolves around reclassifying products and revising SDSs and product labels, and we are working toward a phased-in approach to mitigate the costs of GHS implementation. The impact of GHS will also be felt by our competitors. Potential costs to us are not yet fully quantifiable, but are not expected to have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Pesticide and Biocide Legislation : Various international, federal and state environmental laws and regulations govern the manufacture and/or use of pesticides. We manufacture and sell certain disinfecting and sanitizing products which kill or reduce microorganisms (bacteria, viruses, fungi) on hard environmental surfaces and on certain food products. Such products constitute "pesticides" or "antimicrobial pesticides" under the current definitions of the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), as amended by the Food Quality Protection Act of 1996, the principal federal statute governing the manufacture, labeling, handling and use of pesticides. We maintain approximately 210 product registrations with the U.S. Environmental Protection Agency ("EPA"). Registration entails the necessity to meet certain efficacy, toxicity and labeling requirements and to pay on-going registration fees. In addition, each state in which these products are sold requires registration and payment of a fee. In general, the states impose no substantive requirements different from those required by FIFRA. However, California and certain other states have adopted additional regulatory programs, and California imposes a tax on total pesticide sales in that state. While the cost of complying with rules as to pesticides has not had a material adverse effect on our consolidated results of operations, financial condition, or cash flows to date, the costs and delays in receiving necessary approvals for these products continue to increase. Total fees paid to the EPA and the states to obtain or maintain pesticide registrations, and for the California tax, were approximately $3,000,000 in 2010 and $3,100,000 in 2009.

In Europe, the Biocidal Product Directive ("BPD") established a program to evaluate and authorize marketing of biocidal active substances and products. We are working with suppliers and industry groups to manage requirements associated with the BPD, and have met the first relevant deadline of the program by the timely submission of dossiers for active substances. Anticipated registration costs, which will be incurred through the multi-year BPD phase-in period, will be significant; however, these costs are not expected to significantly affect our consolidated results of operations or cash flows in any one reporting period, or our financial position.

In addition, our Pest Elimination Division applies restricted-use pesticides that it generally purchases from third parties. That Division must comply with certain standards pertaining to the use of such pesticides and to the licensing of employees who apply such pesticides. Such regulations are enforced primarily by the states or local jurisdictions in conformity with federal regulations. We have not experienced material difficulties in complying with these requirements.

FDA Antimicrobial Product Requirements : Various laws and regulations have been enacted by federal, state, local and foreign jurisdictions regulating certain products manufactured and sold by us for controlling microbial growth on humans, animals, foods and medical devices. In the United States, these requirements generally are administered by the U.S. Food and Drug Administration (“FDA”). However, the U.S. Department of Agriculture and EPA also may share in regulatory jurisdiction of antimicrobials applied to food. The FDA codifies “Good Manufacturing Practices” for these products in order to ensure product quality, safety and effectiveness. The FDA also has been expanding requirements applicable to such products, including proposing regulations in a Tentative Final Monograph for Healthcare Antiseptic Drug Products dated June 17, 1994, which may impose additional requirements associated with antimicrobial hand care products and associated costs when finalized by the FDA. To date, such requirements have not had a material adverse effect on our consolidated results of operations, financial position or cash flows.

FDA Medical Device and Drug Product Requirements : As a manufacturer and marketer of medical devices, we also are subject to regulation by the FDA and corresponding regulatory agencies of the state, local and foreign governments in which we sell our products. These regulations govern the development, testing, packaging, labeling and marketing of medical devices and manufacturing procedures relating to these devices. We also are required to register with the FDA as a device manufacturer and to comply with the FDA’s Quality System Regulations, which require that we have a quality system for the design and production of our products intended for commercial distribution in the United States and satisfy recordkeeping requirements with respect to our manufacturing, testing and control activities. Countries in the European Union require that certain products being sold within their jurisdictions obtain a “CE mark”, an international symbol of adherence to quality assurance standards, and be manufactured in compliance with certain requirements (e.g., ISO standard 13485). We have CE mark approval to sell various medical device products in Europe. Our other international non-European operations also are subject to government regulation and country-specific rules and regulations. Regulators at the federal, state and local level have imposed, are currently considering and are expected to continue to impose regulations on medical and other waste. No prediction can be made of the potential effect of any such future regulations, and there can be no assurance that future legislation or regulations will not increase the costs of our products or prohibit the sale or use of certain products.

Other Environmental Legislation : Our manufacturing plants are subject to federal, state, local or foreign jurisdiction laws and regulations relating to discharge of hazardous substances into the environment and to the transportation, handling and disposal of such substances. The primary federal statutes that apply to our activities in the United States are the Clean Air Act, the Clean Water Act, and the Resource Conservation and Recovery Act. We are also subject to the Superfund Amendments and Reauthorization Act of 1986, which imposes certain reporting requirements as to emissions of hazardous substances into the air, land and water. Similar legal requirements apply to Ecolab’s facilities globally. We make capital investments and expenditures to comply with environmental laws and regulations, to ensure employee safety and to carry out our announced environmental sustainability principles. To date, such expenditures have not had a significant adverse

effect on our consolidated results of operations, financial position or cash flows. Our capital expenditures for environmental health and safety projects worldwide were approximately $5,700,000 in 2010 and $3,768,000 in 2009. Approximately $10,800,000 has been budgeted globally for projects in 2011.

Climate Change : Various laws and regulations pertaining to climate change have been implemented or are being considered for implementation at the international, national, regional and state levels, particularly as they relate to the reduction of greenhouse gas ("GHG") emissions. None of these laws and regulations directly applies to Ecolab at the present time; however, as a matter of corporate policy, Ecolab supports a balanced approach to reducing GHG emissions while sustaining economic growth and competitiveness. Ecolab has joined U.S. EPA's Climate Leaders program, and as part of that program we have pledged a U.S. GHG emission reduction goal of 20% per dollar sales from 2006 to 2012. To achieve this target we have developed a GHG inventory of the six major greenhouse gases and report progress annually based on detailed U.S. EPA protocols and guidance.

Environmental Remediation and Proceedings : Along with numerous other potentially responsible parties ("PRPs"), we are currently involved with waste disposal site clean-up activities imposed by the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or state equivalents at 15 sites in the United States. Additionally, we have similar liability at five sites outside the United States. In general, under CERCLA, we and each other PRP that actually contributes hazardous substances to a Superfund site are jointly and severally liable for the costs associated with cleaning up the site. Customarily, the PRPs will work with the EPA to agree and implement a plan for site remediation.

Based on an analysis of our experience with such environmental proceedings, our estimated share of all hazardous materials deposited on the sites referred to in the preceding paragraph, and our estimate of the contribution to be made by other PRPs which we believe have the financial ability to pay their shares, we have accrued our best estimate of our probable future costs relating to such known sites. Unasserted claims are not reflected in the accrual. In establishing accruals, potential insurance reimbursements are not included. The accrual is not discounted. It is not feasible to predict when the amounts accrued will be paid due to the uncertainties inherent in the environmental remediation and associated regulatory processes.

Our worldwide net expenditures for contamination remediation were approximately $ 1,300,000 in 2010 and $1,725,000 in 2009. Our worldwide accruals at December 31, 2010 for probable future remediation expenditures, excluding potential insurance reimbursements, totaled approximately $2,600,000. We review our exposure for contamination remediation costs periodically and our accruals are adjusted as considered appropriate. While the final resolution of these issues could result in costs below or above current accruals and, therefore, have an impact on our consolidated financial results in a future reporting period, we believe the ultimate resolution of these matters will not have a material effect on our consolidated results of operations, financial position or cash flows.

Item 1(d) Financial Information About Geographic Areas .

The financial information about geographic areas appearing under the heading "Operating Segments" in Note 16, located on pages 40 and 41 of the Annual Report, is incorporated herein by reference.

Table of Contents

Item 1(e) Available Information .

Our Internet address is www.ecolab.com. Copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports, are available free of charge on our website at www.ecolab.com/investor as soon as reasonably practicable after such material is filed with, or furnished to, the Securities and Exchange Commission.

In addition, the following governance materials are available on our website at www.ecolab.com/investor/governance: (i) charters of the Audit, Compensation, Finance and Governance Committees of our Board of Directors; (ii) our Board's Corporate Governance Principles; and (iii) our Code of Conduct and Code of Ethics for Senior Officers and Finance Associates.

Executive Officers of the Registrant .

The persons listed in the following table are our current executive officers. Officers are elected annually. There is no family relationship among any of the directors or executive officers, and except as otherwise noted, no executive officer has been involved during the past ten years in any legal proceedings described in applicable Securities and Exchange Commission regulations.

Name	Age	Office	Positions Held Since Jan. 1, 2006
Douglas M. Baker, Jr.	52	Chairman of the Board, President and Chief Executive Officer	May 2006 – Present
		President and Chief Executive Officer	Jan. 2006 – Apr. 2006
Christophe Beck	43	Executive Vice President — Institutional	May 2009 - Present
		Senior Vice President and General Manager Institutional North America Full Service Restaurants	Jan. 2008 – Apr. 2009
		Senior Vice President Strategy and Marketing Development	May 2007 – Dec. 2007 (1)
Larry L. Berger	50	Senior Vice President and Chief Technical Officer	Apr. 2008 – Present (2)
John J. Corkrean	45	Vice President and Corporate Controller	Apr. 2008 – Present
		Vice President and Treasurer	May 2006 – Mar. 2008
		Professional Products Vice President Distributor Sales	Jan. 2006 – Apr. 2006
Steven L. Fritze	56	Chief Financial Officer	Feb. 2008 – Present
		Executive Vice President and Chief Financial Officer	Jan. 2006 – Jan. 2008
Thomas W. Handley	56	President, Global Food & Beverage and APLA Sectors	Jan. 2011 - Present
		President, Global Food & Beverage	Sep. 2009 – Dec. 2010
		President — Industrial and Services North America Sector	Dec. 2007 – Aug. 2009
		Executive Vice President — Industrial Sector	Apr. 2006 – Nov. 2007

Name	Age	Office	Positions Held Since Jan. 1, 2006
Thomas W. Handley (con't.)		Executive Vice President — Specialty Sector	Jan. 2006 – Mar. 2006
Michael A. Hickey	49	Executive Vice President Global Services Sector	Jan. 2011 - Present
		Executive Vice President, Service Sector	Jan. 2010 – Dec. 2010
		Senior Vice President — Global Business Development and General Manager GCS Service	Jan. 2009 – Dec. 2009
		Senior Vice President — Global Business Development	Jan. 2006 – Dec. 2008
Phillip J. Mason	60	President — EMEA Sector	Jul. 2010 - Present
		President — International Sector	Dec. 2007 – Jun. 2010
		Executive Vice President — Asia Pacific and Latin America	Jan. 2006 – Nov. 2007
Michael L. Meyer	53	Senior Vice President-Human Resources	Feb. 2008 – Present (3)
James A. Miller (4)	54	President, Global Services and Specialty Sectors	Jan. 2011 - Present
		President, Specialty & Services Sector	Sep. 2009 – Dec. 2010
		President — Institutional North America Sector	Dec. 2007 – Aug. 2009
		Executive Vice President — Institutional Sector North America	Jan. 2006 – Nov. 2007
Susan K. Nestegard	50	President, Global Healthcare Sector	Jan. 2010 - Present
		Executive Vice President — Global Healthcare Sector	Apr. 2008 – Dec. 2009
		Senior Vice President — Research, Development and Engineering and Chief Technical Officer	Jan. 2006 – Mar. 2008
James J. Seifert	54	General Counsel & Secretary	May 2010 – Present (5)
Robert P. Tabb	60	Vice President and Chief Information Officer	Jan. 2006 – Present
James H. White	46	President APLA Sector	Jul. 2010 – Present
		President-EMEA Sector	Dec. 2007 – Jun. 2010
		Executive Vice President — EMEA	Apr. 2007 – Nov. 2007
		Senior Vice President — Strategy and Marketing Development	May 2006 – Mar. 2007
		Senior Vice President — Strategic Planning	Jan. 2006 – Apr. 2006

---

(1) Prior to joining Ecolab in 2007 , Mr. Beck was employed for 15 years by Nestlé S.A. in various management and executive positions including assignments in Germany, Switzerland and Italy.

(2) Prior to joining Ecolab in 2008, Dr. Berger spent 22 years with E.I. duPont de Nemours and Company, most recently as Chief Technical Officer for DuPont Nonwovens.

(3) Prior to joining Ecolab in 2008, Mr. Meyer was employed for 24 years by Abbott Laboratories, most recently as Vice President Vascular Business Latin America and Canada. Mr. Meyer's management and executive experience includes 22 years in Human Resources and assignments in Canada and Hong Kong.

(4) In May 2000, Mr. Miller became President and CEO of Busy Body, Inc., a privately held retailer of home fitness equipment in the western U.S., to remedy operations that were underperforming the owners' expectations. Busy Body, Inc. filed for Chapter 11 protection under federal bankruptcy laws in May 2001 and was subsequently liquidated. Mr. Miller re-joined the Company in October 2001.

(5) Prior to joining Ecolab in 2010, Mr. Seifert was Vice President, General Counsel and Secretary of Bemis Company, Inc. since 2002.

Item 1A. Risk Factors .

The following are important factors which could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Form 10-K. See the section entitled Forward-Looking Statements located on page 2 of this Form 10-K.

We may also refer to this disclosure to identify factors that may cause results to differ from those expressed in other forward-looking statements including those made in oral presentations, including telephone conferences and/or webcasts open to the public.

Except as may be required under applicable law, we undertake no duty to update our Forward-Looking Statements.

Our results depend upon the continued vitality of the markets we serve : Economic downturns, and in particular downturns in the foodservice, hospitality, travel, health care and food processing industries, can adversely impact our end-users who are sensitive to changes in travel and dining activities. The decline in economic activity following the 2008 financial crisis has adversely affected and may continue to adversely affect these markets. During such downturns, these end-users typically reduce their volume of purchases of cleaning and sanitizing products, which has had, and may continue to have, an adverse effect on our business.

Our results are impacted by general worldwide economic factors: Economic factors such as the worldwide economy, capital flows, interest rates and currency movements including, in particular, our exposure to foreign currency risk have affected our business in the past and may have a material adverse impact on our business in the future. In 2008 and 2009 the global economy experienced considerable disruption and volatility, and the disruption was particularly acute in the global credit markets. While these disruptions generally subsided in 2010 allowing for a modest economic recovery, there can be no assurance that there will not be a further deterioration in the markets in which we operate. As a result, disruption in the global economy could adversely affect our consolidated results of operations, financial position or cash flows.

If we are unsuccessful in executing on key business initiatives, our business could be adversely affected : We continue to make investments and execute business initiatives to develop business systems and optimize our business structure as part of our ongoing efforts to improve our efficiency and returns. In particular, in February 2011 we announced various initiatives to capture financial and operational benefits in our European business, in part, by leveraging our new ERP system, and to improve our competitiveness in the region. If the projects in which we are investing or the initiatives which we are pursuing are not successfully executed, our consolidated results of operations, financial position or cash flows could be adversely affected.

If we are unsuccessful in integrating acquisitions, our business could be adversely affected : As part of our long-term strategy, we seek to acquire complementary businesses. There can be no

assurance that we will find attractive acquisition candidates or succeed at effectively managing the integration of acquired businesses into existing businesses. If the underlying business performance of such acquired businesses deteriorates, the expected synergies from such transactions do not materialize or we fail to successfully integrate new businesses into our existing businesses, our consolidated results of operations, financial position or cash flows could be adversely affected.

Our results can be adversely affected by fluctuations in the cost of raw materials : The prices of raw materials used in our business can fluctuate from time to time, and in recent years we have experienced periods of increased raw material costs. Changes in oil or raw material prices, unavailability of adequate and reasonably priced raw materials or substitutes for those raw materials, or the inability to obtain or renew supply agreements on favorable terms can adversely affect our consolidated results of operations, financial position or cash flows. In addition, volatility and disruption in economic activity and conditions could disrupt or delay the performance of our suppliers or otherwise impact our ability to obtain raw materials at favorable prices or on favorable terms, which may adversely affect our business.

Our growth depends upon our ability to successfully compete with respect to value, innovation and customer support : Our competitive market is made up of numerous global, national, regional and local competitors. Our ability to compete depends in part upon our ability to maintain a superior technological capability and to continue to identify, develop and commercialize innovative, high value-added products for niche applications. There can be no assurance that we will be able to accomplish this or that technological developments by our competitors will not place certain of our products at a competitive disadvantage in the future. In addition, certain of the new products that we have under development will be offered in markets in which we do not currently compete, and there can be no assurance that we will be able to compete successfully in those new markets. If we fail to introduce new technologies on a timely basis, we may lose market share and our consolidated results of operations, financial position or cash flows could be adversely affected.

Our business depends on our ability to comply with laws and governmental regulations, and we may be adversely affected by changes in laws and regulations : Our business is subject to numerous laws and regulations relating to the environment, including evolving climate change standards, and to the manufacture, storage, distribution, sale and use of our products as well as to the conduct of our business generally, including employment and labor laws. Compliance with these laws and regulations exposes us to potential financial liability and increases our operating costs. Regulation of our products and operations continues to increase with more stringent standards, causing increased costs of operations and potential for liability if a violation occurs. The potential cost to us relating to environmental and product registration laws and regulations is uncertain due to factors such as the unknown magnitude and type of possible contamination and clean-up costs, the complexity and evolving nature of laws and regulations, and the timing and expense of compliance. Changes to current laws (including tax laws), regulations and policies could impose new restrictions, costs or prohibitions on our current practices and reduce our profits.

We enter into multi-year contracts with customers that can impact our results : Our multi-year contracts with some of our customers include terms affecting our pricing flexibility. There can be no assurance that these restraints will not have an adverse impact on our margins and consolidated results of operations.

Consolidation of our customers and vendors can affect our results : Customers and vendors in the foodservice, hospitality, travel, healthcare and food processing industries have consolidated in recent years and that trend may continue. This consolidation could have an adverse impact on our ability to retain customers and on our margins and consolidated results of operations.

Severe public health outbreaks may adversely impact our business : Our business could be adversely affected by the effect of a public health epidemic. The United States and other countries have experienced, and may experience in the future, public health outbreaks such as Avian Flu, SARS and H1N1 influenza. A prolonged occurrence of a contagious disease such as these could result in a significant downturn in the foodservice, hospitality and travel industries and also may result in health or other government authorities imposing restrictions on travel further impacting our end markets. Any of these events could result in a significant drop in demand for some of our products and services and adversely affect our business.

Extraordinary events may significantly impact our business : The occurrence of (a) litigation or claims, (b) the loss or insolvency of a major customer or distributor, (c) war (including acts of terrorism or hostilities which impact our markets), (d) natural or manmade disasters, (e) water shortages or (f) severe weather conditions affecting the foodservice, hospitality and travel industries may have a material adverse effect on our business.

Defense of litigation, particularly certain types of actions such as antitrust, patent infringement, wage hour and class action lawsuits, can be costly and time consuming even if ultimately successful, and if not successful could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

While we have a diverse customer base and no customer or distributor constitutes 10 percent or more of our consolidated revenues, we do have customers and independent, third-party distributors, the loss of which could have a material adverse effect on our consolidated results of operations or cash flows for the affected earnings periods; however, we consider it unlikely that such an event would have a material adverse effect on our financial position.

War (including acts of terrorism or hostilities), natural or manmade disasters, water shortages or severe weather conditions affecting the foodservice, hospitality and travel industries cause a downturn in the business of restaurants, motels and hotels and other of our customers, which in turn can have a material adverse effect on our consolidated results of operations, financial position or cash flows.

We depend on key personnel to lead our business : Our continued success will largely depend on our ability to attract and retain a high caliber of talent and on the efforts and abilities of our executive officers and certain other key employees. Our operations could be adversely affected if for any reason such officers or key employees did not remain with us.

Item 1B. Unresolved Staff Comments .

We have no unresolved comments from the staff of the Securities and Exchange Commission.

Item 2. Properties .

Our manufacturing philosophy is to manufacture products wherever an economic, process or quality assurance advantage exists or where proprietary manufacturing techniques dictate in-house production. Currently, most products that we sell are manufactured at our facilities.

Our manufacturing facilities produce chemical products as well as medical devices and equipment for all of our businesses, although the businesses constituting the United States Other Services segment

purchase the majority of their products and equipment from outside suppliers. Our chemical production process consists primarily of blending and packaging powders and liquids and casting solids. Our devices and equipment manufacturing operations consist primarily of producing chemical product dispensers and injectors and other mechanical equipment, medical devices and dishwasher racks and related sundries and dish machine refurbishment.

The following table profiles our main manufacturing facilities with ongoing production activities. In general, manufacturing facilities located in the United States serve the "United States Cleaning & Sanitizing" segment and facilities located outside of the United States serve the "International" segment. However, certain United States facilities do manufacture products for export which are used by the International segment. The facilities having export involvement are marked with an asterisk (*).

ECOLAB OPERATIONS PLANT PROFILES

Location	Approximate Size (Sq. Ft.)	Types of Products	Majority Owned or Leased
UNITED STATES			
Joliet, IL *	610,000	Solids, Liquids, Emulsions, Powders	Owned
South Beloit, IL *	313,000	Equipment	Owned
Garland, TX *	239,000	Solids, Liquids, Emulsions	Owned
Martinsburg, WV	228,000	Liquids, Emulsions, Waxes	Owned
Greensboro, NC	193,000	Solids, Liquids, Powders	Owned
San Jose, CA	175,000	Liquids	Owned
McDonough, GA*	141,000	Solids, Liquids, Emulsions	Owned
Eagan, MN *	133,000	Solids, Liquids, Emulsions, Powders	Owned
Huntington, IN *	127,000	Liquids	Owned
City of Industry, CA	125,000	Liquids, Emulsions	Owned
Elk Grove Village, IL *	115,000	Equipment	Leased
Fort Worth, TX	101,000	Equipment	Leased
Jacksonville, FL *	88,000	Medical Devices	Leased
Carrollton, TX	70,000	Liquids	Owned
Tyler, TX *	63,000	Medical Devices	Leased
Columbus, MS	49,000	Medical Devices	Owned
St. Louis, MO	37,000	Equipment	Leased
INTERNATIONAL			
Chalons, FRANCE	280,000	Liquids, Powders	Owned
Nieuwegein, NETHERLANDS	168,000	Powders	Owned
La Romana, DOMINICAN REPUBLIC	160,000	Medical Devices	Leased
Tessenderlo, BELGIUM	153,000	Solids, Liquids	Owned
Melbourne, AUSTRALIA	145,000	Liquids, Powders	Owned
Brisbane, AUSTRALIA	131,000	Liquids, Powders	Owned
Rozzano, ITALY	126,000	Liquids	Owned
Mississauga, CANADA	120,000	Liquids	Leased
Johannesburg, SOUTH AFRICA	100,000	Liquids, Powders	Owned
Hamilton, NEW ZEALAND	96,000	Solids, Liquids, Powders	Owned
Mullingar, IRELAND	74,000	Liquids	Leased
Mosta, MALTA	73,000	Medical Devices	Leased
Sao Paulo, BRAZIL	62,000	Solids, Liquids	Leased

Location	Approximate Size (Sq. Ft.)	Types of Products	Majority Owned or Leased
Shika, JAPAN	60,000	Liquids	Owned
Santiago, CHILE	60,000	Liquids, Powders	Leased
Revesby, AUSTRALIA	59,000	Liquids, Powders	Owned
Cheadle (Hulme), UNITED KINGDOM	53,000	Liquids	Leased
Guangzhou, CHINA	50,000	Liquids, Powders	Leased
Baglan, UNITED KINGDOM	50,000	Liquids	Leased
Noda, JAPAN	49,000	Solids, Liquids, Powders	Owned
Siegsdorf, GERMANY	42,000	Equipment	Owned
Zutphen, NETHERLANDS	41,000	Medical Devices	Leased
Mexico City, MEXICO	40,000	Liquids, Powders	Owned
Maribor, SLOVENIA	39,000	Liquids, Powders	Owned
Leeds, UNITED KINGDOM	35,000	Liquids	Owned
Pilar, ARGENTINA	30,000	Liquids, Powders	Owned
Shanghai, CHINA	27,000	Solids, Liquids, Powders	Owned
Perth, AUSTRALIA	27,000	Liquids, Powders	Owned
Singapore, SINGAPORE	25,000	Liquids, Powders	Owned
Seoul, SOUTH KOREA	22,000	Liquids, Powders	Owned
Acuna, MEXICO	21,000	Medical Devices	Leased
Racibor, POLAND	20,000	Liquids	Leased
Mandras, GREECE	18,000	Liquids	Owned
Varssesveld, NETHERLANDS	17,000	Medical Devices	Leased
San Jose, COSTA RICA	11,000	Liquids, Powders	Owned
Bogota, COLOMBIA	11,000	Liquids	Leased
Cikarang, INDONESIA	10,000	Solids, Liquids, Powders	Owned
Bangkok, THAILAND	10,000	Liquids, Powders	Owned
Manilla, PHILIPPINES	8,000	Liquids, Powders	Owned

Our manufacturing facilities are adequate to meet our existing in-house production needs. We continue to invest in our plant sites to maintain viable operations and to add capacity as necessary to meet business imperatives. A new manufacturing plant and distribution center near Shanghai, China is under construction with a planned start up in 2012.

Most of our manufacturing plants also serve as distribution centers. In addition, we operate distribution centers around the world, most of which are leased, and utilize third party logistics service providers to facilitate the distribution of our products and services. In the United States, our sales and service associates are located in approximately 90 leased offices. Additional sales offices are located internationally.

Our corporate headquarters is comprised of three adjacent multi-storied buildings located in downtown St. Paul, Minnesota. The main 19-story building was constructed to our specifications and is leased through 2013. Thereafter, it is subject to multiple renewals at our option. The second building is leased through 2011 with additional options available. The third building is owned. The corporate headquarters includes an employee training center. A 90 acre campus in Eagan, Minnesota is owned and provides for future growth. The Eagan facility houses our research and development and data center requirements as well as several of our administrative functions.

Item 3. Legal Proceedings .

Note 14, entitled "Commitments and Contingencies" located on page 36 of the Annual Report, is incorporated herein by reference.

Other matters arising under laws relating to protection of the environment are discussed at Item 1(c) above, under the heading "Environmental and Regulatory Considerations."

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities .

Market Information : Our Common Stock is listed on the New York Stock Exchange under the symbol "ECL." The Common Stock is also traded on an unlisted basis on certain other United States exchanges. The high and low sales prices of our Common Stock on the consolidated transaction reporting system during 2010 and 2009 were as follows:

Quarter	2010 High	2010 Low	2009 High	2009 Low
First	$ 47.40	$ 40.66	$ 36.78	$ 29.27
Second	$ 49.70	$ 44.10	$ 40.04	$ 34.11
Third	$ 51.23	$ 44.66	$ 47.88	$ 36.89
Fourth	$ 52.46	$ 46.64	$ 46.89	$ 43.39

The closing Common Stock price on February 1, 2011 was $50.62.

Holders : On February 1, 2011, we had 4,903 holders of Common Stock of record.

Dividends : We have paid Common Stock dividends for 74 consecutive years. Quarterly cash dividends of $0.14 per share were declared in February, May and August 2009. Cash dividends of $0.155 per share were declared in December 2009, and February, May and August 2010. A dividend of $0.175 per share was declared in December 2010.

Issuer Purchases of Equity Securities :

Period	(a) Total number of shares purchased (1)	(b) Average price paid per share (2)	(c) Number of shares purchased as part of publicly announced plans or programs(3)	(d) Maximum number of shares that may yet be purchased under the plans or programs(3)
October 1-31, 2010	0	$ 0	0	5,354,783
November 1-30, 2010	12,903	$ 49.6533	0	5,354,783
December 1-31, 2010	63,278	$ 49.1232	0	5,354,783
Total	76,181	$ 49.2130	0	5,354,783

(1) Includes 76,181 shares reacquired from employees and/or directors as swaps for the cost of stock options, or shares surrendered to satisfy minimum statutory tax obligations under our stock incentive plans.

(2) The average price paid per share includes brokerage commissions associated with publicly announced plan purchases plus the value of such other reacquired shares.

(3) As announced on February 26, 2010, our Board of Directors authorized the repurchase of up to 10,000,000 additional shares of Common Stock, including shares to be repurchased under Rule 10b5-1. We intend to repurchase all shares under this authorization, for which no expiration date has been established, in open market or privately negotiated transactions, subject to market conditions.

Table of Contents

Item 6. Selected Financial Data .

The comparative data for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 inclusive, which are set forth under the heading entitled "Summary Operating and Financial Data" located on pages 44 and 45 of the Annual Report, are incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

The material appearing under the heading entitled "Management's Discussion & Analysis," located on pages 9 through 20 of the Annual Report, is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk .

The material appearing under the heading entitled "Market Risk," located on pages 18 and 19 of the Annual Report is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data .

The financial statements and material which are an integral part of the financial statements listed under Item 15(a)(1) below and located on pages 21 through 45 of the Annual Report, are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure .

None.

Item 9A. Controls and Procedures .

Disclosure Controls and Procedures *:* As of December 31, 2010, we carried out an evaluation, under the supervision and with the participation of our management, including our Chairman of the Board, President and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended). Based upon that evaluation, our Chairman of the Board, President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting *:* Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chairman of the Board, President and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2010.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. Their report, and our management reports, can be found in our Annual Report, the relevant portion of which has been filed as Exhibit (13) to this Form 10-K and is incorporated into Item 8 of this Form 10-K.

During the period October 1 - December 31, 2010, there were no changes in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance .

Information about our directors is incorporated by reference from the discussion under the heading "Proposal 1: Election of Directors" located in the Proxy Statement. Information about compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference from the discussion under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" located in the Proxy Statement. Information about our Audit Committee, including the members of the Committee, and our Audit Committee financial experts, is incorporated by reference from the discussion under the heading "Corporate Governance," and sub-headings "Board Committees" and "Audit Committee," located in the Proxy Statement. Information about our Code of Conduct is incorporated by reference from the discussion under the heading "Corporate Governance Materials and Code of Conduct" located in the Proxy Statement. Information regarding our executive officers is presented under the heading "Executive Officers of the Registrant" in Part I on pages 12 through 14 of this Form 10-K, and is incorporated herein by reference.

Item 11. Executive Compensation .

Information appearing under the headings entitled "Executive Compensation" and "Director Compensation" located in the Proxy Statement is incorporated herein by reference. However, pursuant to Instructions to Item 407(e)(5) of Securities and Exchange Commission Regulation S-K, the material appearing under the sub-heading "Compensation Committee Report" shall not be deemed to be "filed" with the Commission, other than as provided in this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters .

Information appearing under the heading entitled "Security Ownership" located in the Proxy Statement is incorporated herein by reference.

Information appearing under the heading "Equity Compensation Plan Information" located in the Proxy Statement is incorporated herein by reference.

A total of 470,166 shares of Common Stock held by our directors and executive officers, some of whom may be deemed to be "affiliates" of the Company, have been excluded from the computation of market value of our Common Stock on the cover page of this Form 10-K. This total represents that portion of the shares reported as beneficially owned by our directors and executive officers as of June 30, 2010, which are actually issued and outstanding.

Item 13. Certain Relationships and Related Transactions, and Director Independence .

Information appearing under the headings entitled "Director Independence Standards and Determinations" and "Related Person Transactions" located in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services .

Information appearing under the heading entitled "Audit Fees" located in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules .

(a)(1) The following financial statements of the Company, included in the Annual Report, are incorporated into Item 8 hereof.

(i) Consolidated Statement of Income for the years ended December 31, 2010, 2009 and 2008, Annual Report page 21.

(ii) Consolidated Balance Sheet at December 31, 2010 and 2009, Annual Report page 22.

(iii) Consolidated Statement of Cash Flows for the years ended December 31, 2010, 2009 and 2008, Annual Report page 23.

(iv) Consolidated Statement of Comprehensive Income and Equity for the years ended December 31, 2010, 2009 and 2008, Annual Report page 24.

(v) Notes to Consolidated Financial Statements, Annual Report pages 25 through 42.

(vi) Report of Independent Registered Public Accounting Firm, Annual Report page 43.

(b)(2) All financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the accompanying notes to the consolidated financial statements. All significant majority-owned subsidiaries are included in the filed consolidated financial statements.

The following documents are filed as exhibits to this Report. We will, upon request and payment of a fee not exceeding the rate at which copies are available from the Securities and Exchange Commission, furnish copies of any of the following exhibits to stockholders.

(3)A. Restated Certificate of Incorporation of Ecolab Inc., effective as of May 6, 2010 — Incorporated by reference to Exhibit (3) of our Form 8-K dated May 6, 2010.

B. By-Laws, as amended through February 26, 2010 — Incorporated by reference to Exhibit (3) of our Form 8-K dated February 26, 2010.

(4)A. Common Stock - see Exhibits (3)A and (3)B.

B. Form of Common Stock Certificate effective August 4, 2010 — Incorporated by reference to Exhibit (4) of our Form 10-Q for the quarter ended June 30, 2010.

C. Rights Agreement, dated as of February 24, 2006, between Ecolab Inc. and Computershare Investor Services, LLC, as Rights Agent, which includes the following exhibits thereto: (i) Exhibit A — Form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock and (ii)

Exhibit B — Form of Rights Certificate — Incorporated by reference to Exhibit (4)C of our Form 10-K Annual Report for the year ended December 31, 2005.

D. Amended and Restated Indenture, dated as of January 9, 2001, between Ecolab Inc. and The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association and Bank One, NA) as Trustee - Incorporated by reference to Exhibit (4)(A) of our Current Report on Form 8-K dated January 23, 2001.

E. Supplemental Indenture, dated as of February 8, 2008, between Ecolab Inc. and The Bank of New York Trust Company, N.A., as Trustee — Incorporated by reference to Exhibit 4.2 of our Form 8-K dated February 8, 2008.

F. Form of 4.875% Note due February 15, 2015 — Included in Exhibit (4)E above.

Copies of other constituent instruments defining the rights of holders of our long-term debt are not filed herewith, pursuant to Section (b)(4)(iii) of Item 601 of Regulation S-K, because the aggregate amount of securities authorized under each of such instruments is less than 10% of our total assets on a consolidated basis. We will, upon request by the Securities and Exchange Commission, furnish to the Commission a copy of each such instrument.

(10) A. (i) Multicurrency Credit Agreement, dated as of September 29, 1993, as amended and restated as of June 1, 2006, among Ecolab Inc., the financial institutions party thereto as Banks from time to time, the financial institutions party thereto as Issuing Banks from time to time, Citibank, N.A., as administrative agent for the Banks and Issuing Banks thereunder, Citibank International PLC, as agent for the Banks in connection with certain of the Eurocurrency Advances, and JPMorgan Chase Bank, N.A., as syndication agent — Incorporated by reference to Exhibit (10) of our Form 8-K dated June 1, 2006.

(ii) Extension Confirmation Notice, dated May 14, 2007, under the Multicurrency Credit Agreement, dated as of September 29, 1993, as amended and restated as of June 1, 2006 — Incorporated by reference to Exhibit (10) of our Form 8-K dated May 14, 2007.

(iii) Increase of Commitments Agreement dated as of October 29, 2007 by and among Ecolab Inc., Citibank, N.A., JPMorgan Chase Bank, N.A., Credit Suisse, Cayman Islands Branch, National Association, Wells Fargo Bank, National Association, ABN AMRO Bank N.A., Bank of America, N.A. and Barclays Bank PLC, as increasing banks, and Citibank, N.A., as agent — Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2007.

B. Documents comprising global Commercial Paper Programs

(i) U.S. $200,000,000 Euro-Commercial Paper Programme

(a) Amended and Restated Dealer Agreement dated 2 December 2005 between Ecolab Inc. (as Guarantor), Ecolab B.V. and Ecolab Holding GmbH (as Issuers), Ecolab Inc., Credit Suisse First Boston (Europe) Limited (as Arranger), and Citibank International plc and Credit Suisse First Boston (Europe) Limited (as Dealers) — Incorporated by reference to Exhibit (10)B(i)(a) of our Form 10-K Annual Report for the year ended December 31, 2005.

(b) Amended and Restated Note Agency Agreement dated as of 2 December 2005 between Ecolab Inc., Ecolab B.V. and Ecolab Holding GmbH (as Issuers) and Citibank, N.A. as Issue and Paying Agent — Incorporated by reference to Exhibit (10)B(i)(b) of our Form 10-K Annual Report for the year ended December 31, 2005.

(c) Deed of Covenant made on 2 December 2005 by Ecolab Inc., Ecolab B.V. and Ecolab Holding GmbH — Incorporated by reference to Exhibit (10)B(i)(c) of our Form 10-K Annual Report for the year ended December 31, 2005.

(d) Deed of Guarantee made on 2 December 2005 — Incorporated by reference to Exhibit (10)B(i)(d) of our Form 10-K Annual Report for the year ended December 31, 2005.

(ii) U.S. $600,000,000 U.S. Commercial Paper Program

(a) Form of Commercial Paper Dealer Agreement for 4 (2) Program. The dealers for the program are Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Wells Fargo Securities, LLC and Banc of America Securities LLC - Incorporated by reference to Exhibit (10)A(ii)(a) of our Form 10-Q for the quarter ended June 30, 2003.

(b) Issuing and Paying Agency Agreement dated as of July 10, 2000 between Ecolab Inc. and J.P. Morgan Chase Bank, N.A. (as successor to Bank One, National Association) as Issuing and Paying Agent - Incorporated by reference to Exhibit (10)A(ii)(b) of our Form 10-Q for the quarter ended June 30, 2003.

C. (i) Ecolab Inc. 1997 Stock Incentive Plan, as Amended and Restated as of August 18, 2000 - Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2000.

(ii) Non-Statutory Stock Option Agreement as in effect for grants through May 12, 2000 — Incorporated by reference to Exhibit (10)B(i) of our Form 10-Q for the quarter ended June 30, 2004.

(iii) Non-Statutory Stock Option Agreement as in effect for grants beginning May 13, 2000 through May 10, 2002 — Incorporated by reference to Exhibit (10)B(ii) of our Form 10-Q for the quarter ended June 30, 2004.

D. (i) 1995 Non-Employee Director Stock Option Plan — Incorporated by reference to Exhibit (10)D(i) of our Form 10-K Annual Report for the year ended December 31, 2006.

(ii) Amendment No. 1 to 1995 Non-Employee Director Stock Option Plan effective February 25, 2000 - Incorporated by reference to Exhibit (10)E(ii) of our Form 10-K Annual Report for the year ended December 31, 1999.

(iii) Amendment No. 2 to 1995 Non-Employee Director Stock Option Plan effective May 11, 2001 - Incorporated by reference to Exhibit (10)G(iii) of our Form 10-K Annual Report for the year ended December 31, 2002.

(iv) Amendment No. 3 to 1995 Non-Employee Director Stock Option Plan, adopted October 31, 2008 — Incorporated by reference to Exhibit (10)D of our Form 10-K Annual Report dated December 31, 2008.

E. (i) Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan as amended effective May 1, 2004 — Incorporated by reference to Exhibit (10)H(ii) of our Form 10-K Annual Report for the year ended December 31, 2003.

(ii) Amendment No. 1 adopted December 15, 2004 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended and restated effective May 1, 2004, with respect to the American Jobs Creation Act of 2004 — Incorporated by reference to Exhibit (10)F(ii) of our Form 10-K Annual Report for the year ended December 31, 2004.

(iii) Master Agreement Relating to Options (as in effect through May 7, 2004) — Incorporated by reference to Exhibit (10)D(i) of our Form 10-Q for the quarter ended June 30, 2004.

(iv) Master Agreement Relating to Periodic Options, as amended effective as of May 1, 2004 — Incorporated by reference to Exhibit (10)D(ii) of our Form 10-Q for the quarter ended June 30, 2004.

(v) Amendment No. 2 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended effective May 2, 2008 — Incorporated by reference to Exhibit (10)A of our Form 10-Q for the quarter ended September 30, 2008.

(vi) Amendment No. 1 to Master Agreement Relating to Periodic Options, as amended effective May 2, 2008 — Incorporated by reference to Exhibit (10)B of our Form 10-Q for the quarter ended September 30, 2008.

(vii) Amendment No. 3 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan (as Amended and Restated Effective as of May 1, 2004) — Incorporated by reference to Exhibit (10)E(vii) of our Form 10-K Annual Report for the year ended December 31, 2008.

F. Note Purchase Agreement, dated as of July 26, 2006 by and among Ecolab Inc. and the Purchasers party thereto — Incorporated by reference to Exhibit (10) of our Form 8-K dated July 26, 2006.

G. Form of Director Indemnification Agreement. Substantially identical agreements are in effect as to each of our directors — Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2003.

H. (i) Ecolab Executive Death Benefits Plan, as amended and restated effective March 1, 1994 — Incorporated by reference to Exhibit (10)H(i) of our Form 10-K Annual Report for the year ended December 31, 2006. See also Exhibit (10)N hereof.

(ii) Amendment No. 1 to Ecolab Executive Death Benefits Plan, effective July 1, 1997 — Incorporated by reference to Exhibit (10)H(ii) of our Form 10-K Annual Report for the year ended December 31, 1998.

(iii) Second Declaration of Amendment to Ecolab Executive Death Benefits Plan, effective March 1, 1998 - Incorporated by reference to Exhibit (10)H(iii) of our Form 10-K Annual Report for the year ended December 31, 1998.

(iv) Amendment No. 3 to the Ecolab Executive Death Benefits Plan, effective August 12, 2005 — Incorporated by reference to Exhibit (10)B of our Form 8-K dated December 13, 2005.

(v) Amendment No. 4 to the Ecolab Executive Death Benefits Plan, effective January 1, 2005 — Incorporated by reference to Exhibit (10)H(v) of our Form 10-K Annual Report for the year ended December 31, 2009.

I. Ecolab Executive Long-Term Disability Plan, as amended and restated effective January 1, 1994 — Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2004. See also Exhibit (10) N hereof.

J. Ecolab Financial Counseling Plan effective January 1, 2005 — Incorporated by reference to Exhibit (10)J of our Form 10-K Annual Report for the year ended December 31, 2008.

K. Ecolab Supplemental Executive Retirement Plan (As Amended and Restated effective as of December 31, 2010).

L. Ecolab Mirror Savings Plan (As Amended and Restated effective as of January 1, 2005). Incorporated by reference to Exhibit (10)L of our Form 10-K Annual Report for the year ended December 31, 2008.

M. Ecolab Mirror Pension Plan (As Amended and Restated effective as of December 31, 2010).

N. Ecolab Inc. Administrative Document for Non-Qualified Plans (Amended and Restated effective as of January 1, 2005) — Incorporated by reference to Exhibit (10)N of our Form 10-K Annual Report for the year ended December 31, 2008.

O. Ecolab Inc. Management Performance Incentive Plan, as amended and restated on February 27, 2009 — Incorporated by reference to Exhibit (10) of our Form 8-K dated May 8, 2009.

P. Ecolab Inc. Change in Control Severance Compensation Policy, as amended and restated effective February 26, 2010 — Incorporated by reference to Exhibit (10) of our Form 8-K dated February 26, 2010.

Q. Description of Ecolab Management Incentive Plan — Incorporated by reference to Exhibit (10)Q of our Form 10-K Annual Report for the year ended December 31, 2008.

R. (i) Ecolab Inc. 2002 Stock Incentive Plan — Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended June 30, 2002

(ii) Non-Statutory Stock Option Agreement as in effect for grants beginning May 11, 2002 through August 12, 2003 — Incorporated by reference to Exhibit (10)A(i) of our Form 10-Q for the quarter ended June 30, 2004.

(iii) Non-statutory Stock Option Agreement as in effect for grants beginning August 13, 2003 — Incorporated by reference to Exhibit (10)A(ii) of our Form 10-Q for the quarter ended June 30, 2004.

S. (i) Ecolab Inc. 2005 Stock Incentive Plan — Incorporated by reference to Exhibit (10)A of our Form 8-K dated May 6, 2005.

(ii) Amendment No. 1 to Ecolab Inc. 2005 Stock Incentive Plan, adopted October 31, 2008 — Incorporated by reference to Exhibit (10)V(ii) of our Form 10-K Annual Report for the year ended December 31, 2008.

(iii) Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2005 Stock Incentive Plan in effect for grants prior to October 31, 2008 — Incorporated by reference to Exhibit (10)B of our Form 8-K dated May 6, 2005.

(iv) Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2005 Stock Incentive Plan in effect for grants after October 31, 2008 — Incorporated by reference to Exhibit (10)V(iv) of our Form 10-K Annual Report for the year ended December 31, 2008.

(v) Sample form of Restricted Stock Award Agreement under the Ecolab Inc. 2005 Stock Incentive Plan — Incorporated by reference to Exhibit (10)W(iii) of our Form 10-K Annual Report for the year ended December 31, 2006.

(vi) Sample form of Performance Based Restricted Stock Unit Agreement under the Ecolab Inc. 2005 Stock Incentive Plan — Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2009.

T. (i) Ecolab Inc. 2010 Stock Incentive Plan — Incorporated by reference to Exhibit (10)A of our Form 8-K dated May 6, 2010.

(ii) Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2010

Stock Incentive Plan — Incorporated by reference to Exhibit (10)B of our Form 8-K dated May 6, 2010.

(iii) Sample form of Restricted Stock Award Agreement under the 2010 Stock Incentive Plan — Incorporated by reference to Exhibit (10)C of our Form 8-K dated May 6, 2010.

(iv) Sample form of Performance-Based Restricted Stock Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan — Incorporated by reference to Exhibit (10)D of our Form 8-K dated May 6, 2010.

(v) Sample form of Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan — Incorporated by reference to Exhibit (10)A of our Form 10-Q for the quarter ended September 30, 2010.

U. Policy on Reimbursement of Incentive Payments adopted December 4, 2008 — Incorporated by reference to Exhibit (10) W of our Form 10-K Annual Report for the year ended December 31, 2008.

(13) Those portions of our Annual Report to Stockholders for the year ended December 31, 2010 which are incorporated by reference into Parts I and II hereof.

(14)A. Code of Conduct — Incorporated by reference to Exhibit (99)A of our Form 10-K Annual Report for the year ended December 31, 2003.

(14)B. Code of Ethics for Senior Officers and Finance Associates — Incorporated by reference to Exhibit (99)B of our Form 10-K Annual Report for the year ended December 31, 2003.

(21) List of Subsidiaries.

(23) Consent of Independent Registered Public Accounting Firm at page 30 hereof is filed as a part hereof.

(24) Powers of Attorney.

(31) Rule 13a-14(a) Certifications.

(32) Section 1350 Certifications.

(101) Interactive Data File.

Table of Contents

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

Included in the preceding list of exhibits are the following management contracts or compensatory plans or arrangements:

Exhibit No.	Description
(10)C.	Ecolab Inc. 1997 Stock Incentive Plan.
(10)E.	Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan.
(10)G.	Form of Director Indemnification Agreement.
(10)H.	Ecolab Executive Death Benefits Plan.
(10)I.	Ecolab Executive Long-Term Disability Plan.
(10)J.	Ecolab Executive Financial Counseling Plan.
(10)K.	Ecolab Supplemental Executive Retirement Plan.
(10)L.	Ecolab Mirror Savings Plan.
(10)M.	Ecolab Mirror Pension Plan.
(10)N.	Ecolab Inc. Administrative Document for Non-Qualified Plans.
(10)O.	Ecolab Inc. Management Performance Incentive Plan.
(10)P.	Ecolab Inc. Change in Control Severance Compensation Policy.
(10)Q.	Description of Ecolab Inc. Management Incentive Plan.
(10)R.	Ecolab Inc. 2002 Stock Incentive Plan.
(10)S.	Ecolab Inc. 2005 Stock Incentive Plan.
(10)T.	Ecolab Inc. 2010 Stock Incentive Plan.
(10)U.	Policy on Reimbursement of Incentive Payments.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Ecolab Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 25th day of February, 2011.

ECOLAB INC.
(Registrant)

By: /s/Douglas M. Baker, Jr.
Douglas M. Baker, Jr.
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Ecolab Inc. and in the capacities indicated, on the 25th day of February 2011.

Signature	Title
/s/Douglas M. Baker, Jr. Douglas M. Baker, Jr.	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer and Director)
/s/Steven L. Fritze Steven L. Fritze	Chief Financial Officer (Principal Financial Officer)
/s/John J. Corkrean John J. Corkrean	Vice President and Corporate Controller (Principal Accounting Officer)
/s/James J. Seifert James J. Seifert as attorney-in-fact for: Barbara J. Beck, Les S. Biller, Jerry A. Grundhofer, Arthur J. Higgins, Joel W. Johnson, Jerry W. Levin, Robert L. Lumpkins, C. Scott O’Hara, Victoria J. Reich and John J. Zillmer	Directors

Table of Contents

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Registration Nos. 2-90702; 33-18202; 33-55986; 33-56101; 333-95043; 333-109890; 33-34000; 33-56151; 333-18627; 333-109891; 33-39228; 33-56125; 333-70835; 33-60266; 333-95041; 333-18617; 333-79449; 333-40239; 333-95037; 333-50969; 333-58360; 333-97927; 333-115567; 333-129427; 333-129428; 333-140988; 333-115568; 333-132139; 333-147148; 333-163837; 333-163838; 333-165130; 333-165132; and 333-166646) of Ecolab Inc. of our report dated February 25, 2011 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 25, 2011

Table of Contents

EXHIBIT INDEX

The following documents are filed as exhibits to this Report.

Exhibit No.		Document	Method of Filing
(3)	A.	Restated Certificate of Incorporation of Ecolab Inc., effective as of May 6, 2010.	Incorporated by reference to Exhibit (3) of our Form 8-K dated May 6, 2010.
	B.	By-Laws, as amended through February 26, 2010.	Incorporated by reference to Exhibit (3) of our Form 8-K dated February 26, 2010.
(4)	A.	Common Stock.	See Exhibits (3)A and (3)B.
	B.	Form of Common Stock Certificate effective August 4, 2010.	Incorporated by reference to Exhibit (4) of our Form 10-Q for the quarter ended June 30, 2010.
	C.	Rights Agreement, dated as of February 24, 2006, between Ecolab Inc. and Computershare Investor Services, LLC, as Rights Agent, which includes the following exhibits thereto: (i) Exhibit A — Form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock and (ii) Exhibit B — Form of Rights Certificate.	Incorporated by reference to Exhibit (4)C of our Form 10-K Annual Report for the year ended December 31, 2005.
	D.	Amended and Restated Indenture dated as of January 9, 2001 between Ecolab Inc. and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association and Bank One, NA as Trustee.)	Incorporated by reference to Exhibit (4)(A) of our Current Report on Form 8-K dated January 23, 2001.
	E.	Supplemental Indenture, dated as of February 8, 2008, between Ecolab Inc. and The Bank of New York Trust Company, N.A., as Trustee.	Incorporated by reference to Exhibit 4.2 of our on Form 8-K dated February 8, 2008.
	F.	Form of 4.875% Note due February 15, 2015.	Included in Exhibit (4)E above.

(10)	A. (i)	Multicurrency Credit Agreement, dated as of September 29, 1993, as amended and restated as of June 1, 2006, among Ecolab Inc., the financial institutions party thereto as Banks from time to time, the financial institutions party thereto as Issuing Banks from time to time, Citibank, N.A., as administrative agent for the Banks and Issuing Banks thereunder, Citibank International PLC, as agent for the Banks in connection with certain of the Eurocurrency Advances, and JPMorgan Chase Bank, N.A., as syndication agent.	Incorporated by reference to Exhibit (10) of our Form 8-K dated June 1, 2006.
	(ii)	Extension Confirmation Notice, dated May 14, 2007, under the Multicurrency Credit Agreement, dated as of September 29, 1993, as amended and restated as of June 1, 2006.	Incorporated by reference to Exhibit (10) of our Form 8-K dated May 14, 2007.
	(iii)	Increase of Commitments Agreement dated as of October 29, 2007 by and among Ecolab Inc., Citibank, N.A., JPMorgan Chase Bank, N.A., Credit Suisse, Cayman Islands Branch, National Association, Wells Fargo Bank, National Association, ABN AMRO Bank N.A., Bank of America, N.A. and Barclays Bank PLC, as increasing banks, and Citibank, N.A., as agent.	Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2007.
	B.	Documents comprising global Commercial Paper Programs.	
	(i)	U.S. $200,000,000 Euro-Commercial Paper Programme.	
		(a) Amended and Restated Dealer Agreement dated 2 December 2005 between Ecolab Inc. (as Guarantor), Ecolab B.V. and Ecolab Holding GmbH (as Issuers), Ecolab Inc., Credit Suisse First Boston (Europe) Limited (as Arranger), and Citibank International plc and Credit Suisse First Boston (Europe) Limited (as Dealers).	Incorporated by reference to Exhibit (10)B(i)(a) of our Form 10-K Annual Report for the year ended December 31, 2005.
		(b) Amended and Restated Note Agency Agreement dated as of 2 December 2005 between Ecolab Inc., Ecolab B.V. and Ecolab Holding GmbH (as Issuers) and Citibank, N.A. as Issue and Paying Agent.	Incorporated by reference to Exhibit (10)B(i)(b) of our Form 10-K Annual Report for the year ended December 31, 2005.

		(c) Deed of Covenant made on 2 December 2005 by Ecolab Inc., Ecolab B.V. and Ecolab Holding GmbH.	Incorporated by reference to Exhibit (10)B(i)(c) of our Form 10-K Annual Report for the year ended December 31, 2005.
		(d) Deed of Guarantee made on 2 December 2005.	Incorporated by reference to Exhibit (10)B(i)(d) of our Form 10-K Annual Report for the year ended December 31, 2005.
	(ii)	U.S. $600,000,000 U.S. Commercial Paper Program.	
		(a) Form of Commercial Paper Dealer Agreement for 4 (2) Program. The dealers for the program are Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Wells Fargo Securities, LLC and Banc of America Securities LLC.	Incorporated by reference to Exhibit (10)A(ii)(a) of our Form 10-Q for the quarter ended June 30, 2003.
		(b) Issuing and Paying Agency Agreement dated as of July 10, 2000 between Ecolab Inc. and J.P. Morgan Chase Bank, N.A. (as successor to Bank One, National Association) as Issuing and Paying Agent.	Incorporated by reference to Exhibit (10)A(ii)(b) of our Form 10-Q for the quarter ended June 30, 2003.
C.	(i)	Ecolab Inc. 1997 Stock Incentive Plan, as Amended and Restated as of August 18, 2000.	Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2000.
	(ii)	Non-Statutory Stock Option Agreement as in effect for grants through May 12, 2000.	Incorporated by reference to Exhibit (10)B(i) of our Form 10-Q for the quarter ended June 30, 2004.
	(iii)	Non-Statutory Stock Option Agreement as in effect for grants beginning May 13, 2000 through May 10, 2002.	Incorporated by reference to Exhibit (10)B(ii) of our Form 10-Q for the quarter ended June 30, 2004.
D.	(i)	1995 Non-Employee Director Stock Option Plan.	Incorporated by reference to Exhibit (10)D(i) of our Form 10-K Annual Report for the year ended December 31, 2006.
	(ii)	Amendment No. 1 to 1995 Non-Employee Director Stock Option Plan effective February 25, 2000.	Incorporated by reference to Exhibit (10)E(ii) of our Form 10-K Annual Report for the year ended December 31, 1999.
	(iii)	Amendment No. 2 to 1995 Non-Employee Director Stock Option Plan effective May 11, 2001.	Incorporated by reference to Exhibit (10)G(iii) of our Form 10-K Annual Report for the year ended December 31, 2002.

	(iv)	Amendment No. 3 to 1995 Non-Employee Director Stock Option Plan, adopted October 31, 2008.	Incorporated by reference to Exhibit (10)D of our Form 10-K Annual Report dated December 31, 2008.
E.	(i)	Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan as amended effective May 1, 2004.	Incorporated by reference to Exhibit (10)H(ii) of our Form 10-K Annual Report for the year ended December 31, 2003.
	(ii)	Amendment No. 1 adopted December 15, 2004 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended and restated effective May 1, 2004, with respect to the American Jobs Creation Act of 2004.	Incorporated by reference to Exhibit (10)F(ii) of our Form 10-K Annual Report for the year ended December 31, 2004.
	(iii)	Master Agreement Relating to Options (as in effect through May 7, 2004).	Incorporated by reference to Exhibit (10)D(i) of our Form 10-Q for the quarter ended June 30, 2004.
	(iv)	Master Agreement Relating to Periodic Options, as amended effective as of May 1, 2004.	Incorporated by reference to Exhibit (10)D(ii) of our Form 10-Q for the quarter ended June 30, 2004.
	(v)	Amendment No. 2 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended effective May 2, 2008.	Incorporated by reference to Exhibit (10)A of our Form 10-Q for the quarter ended September 30, 2008.
	(vi)	Amendment No. 1 to Master Agreement Relating to Periodic Options, as amended effective May 2, 2008.	Incorporated by reference to Exhibit (10)B of our Form 10-Q for the quarter ended September 30, 2008.
	(vii)	Amendment No. 3 to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan (as Amended and Restated Effective as of May 1, 2004).	Incorporated by reference to Exhibit (10)E(vii) of our Form 10-K Annual Report for the year ended December 31, 2008.
F.		Note Purchase Agreement, dated as of July 26, 2006 by and among Ecolab Inc. and the Purchasers party thereto.	Incorporated by reference to Exhibit (10) of our Form 8-K dated July 26, 2006.
G.		Form of Director Indemnification Agreement. Substantially identical agreements are in effect as to each of our directors.	Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2003.
H.	(i)	Ecolab Executive Death Benefits Plan, as amended and restated effective March 1, 1994. See also Exhibit (10)N hereof.	Incorporated by reference to Exhibit (10)H(i) of our Form 10-K Annual Report for the year ended December 31, 2006. See also Exhibit (10)N hereof.
	(ii)	Amendment No. 1 to Ecolab Executive Death Benefits Plan, effective July 1, 1997.	Incorporated by reference to Exhibit (10)H(ii) of our Form 10-K Annual Report for the year ended December 31, 1998.
	(iii)	Second Declaration of Amendment to Ecolab Executive Death Benefits Plan, effective March 1, 1998.	Incorporated by reference to Exhibit (10)H(iii) of our Form 10-K Annual Report for the year ended December 31, 1998.

	(iv)	Amendment No. 3 to the Ecolab Executive Death Benefits Plan, effective August 12, 2005.	Incorporated by reference to Exhibit (10)B of our Form 8-K dated December 13, 2005.
	(v)	Amendment No. 4 to the Ecolab Executive Death Benefits Plan, effective January 1, 2005.	Incorporated by reference to Exhibit (10)H(v) of our Form 10-K Annual Report for the year ended December 31, 2009.
I.		Ecolab Executive Long-Term Disability Plan, as amended and restated effective January 1, 1994. See also Exhibit (10)N hereof.	Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2004.
J.		Ecolab Financial Counseling Plan (Effective January 1, 2005).	Incorporated by reference to Exhibit (10)J of our Form 10-K Annual Report for the year ended December 31, 2008.
K.		Ecolab Supplemental Executive Retirement Plan (As Amended and Restated effective as of December 31, 2010).	Filed herewith electronically.
L.		Ecolab Mirror Savings Plan (Amended and Restated effective as of January 1, 2005).	Incorporated by reference to Exhibit (10)L of our Form 10-K Annual Report for the year ended December 31, 2008.
M.		Ecolab Mirror Pension Plan (Amended and Restated effective as of December 31, 2010.	Filed herewith electronically.
N.		Ecolab Inc. Administrative Document for Non-Qualified Plans (Amended and Restated effective as of January 1, 2005).	Incorporated by reference to Exhibit (10)N of our Form 10-K Annual Report for the year ended December 31, 2008.
O.		Ecolab Inc. Management Performance Incentive Plan, as amended and restated on February 28, 2004.	Incorporated by reference to Exhibit (10) of our Form 8-K dated May 8, 2009.
P.		Ecolab Inc. Change in Control Severance Compensation Policy, as amended and restated effective February 26, 2010.	Incorporated by reference to Exhibit (10) of our Form 8-K dated February 26, 2010.
Q.		Description of Ecolab Management Incentive Plan.	Incorporated by reference to Exhibit (10)Q of our Form 10-K Annual Report for the year ended December 31, 2008.
R.	(i)	Ecolab Inc. 2002 Stock Incentive Plan.	Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended June 30, 2002.
	(ii)	Non-statutory Stock Option Agreement as in effect for grants beginning May 11, 2002 through August 12, 2003.	Incorporated by reference to Exhibit (10)A(i) of our Form 10-Q for the quarter ended June 30, 2004.
	(iii)	Non-statutory Stock Option Agreement as in effect for grants beginning August 13, 2003.	Incorporated by reference to Exhibit (10)A(ii) of our Form 10-Q for the quarter ended June 30, 2004.

S.	(i)	Ecolab Inc. 2005 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)A of our Form 8-K dated May 6, 2005.
	(ii)	Amendment No. 1 to Ecolab Inc. 2005 Stock Incentive Plan, adopted October 31, 2008.	Incorporated by reference to Exhibit (10)V of our Form 10-K Annual Report for the year ended December 31, 2008.
	(iii)	Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2005 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)B of our Form 8-K dated May 6, 2005.
	(iv)	Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2005 Stock Incentive Plan in effect for grants after October 31, 2008.	Incorporated by reference to Exhibit (10)V(iv) of our Form 10-K Annual Report for the year ended December 31, 2008.
	(v)	Sample form of Restricted Stock Award Agreement under the Ecolab Inc. 2005 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)W(iii) of our Form 10-K Annual Report for the year ended December 31, 2006.
	(vi)	Sample Form of Performance Based Restricted Stock Unit Agreement under the Ecolab Inc. 2005 Stock Incentive Plan.	Incorporated by reference to Exhibit (10) of our Form 10-Q for the quarter ended September 30, 2009.
T.	(i)	Ecolab Inc. 2010 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)A of our Form 8-K dated May 6, 2010.
	(ii)	Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2010 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)B of our Form 8-K dated May 6, 2010.
	(iii)	Sample form of Restricted Stock Award Agreement under the 2010 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)C of our Form 8-K dated May 6, 2010.
	(iv)	Sample form of Performance-Based Restricted Stock Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)D of our Form 8-K dated May 6, 2010.
	(v)	Sample form of Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan.	Incorporated by reference to Exhibit (10)A of our Form 10-Q for the quarter ended September 30, 2010.
U.		Policy on Reimbursement of Incentive Payments adopted December 4, 2008.	Incorporated by reference to Exhibit (10)W of our Form 10-K Annual Report for the year ended December 31, 2008.
(13)		Those portions of our Annual Report to Stockholders for the year ended December 31, 2010 which are incorporated by reference into Parts I and II hereof.	Filed herewith electronically.

(14)A.	Code of Conduct.	Incorporated by reference to Exhibit (99)A of our Form 10-K Annual Report for the year ended December 31, 2003.
(14)B.	Code of Ethics for Senior Officers and Finance Associates.	Incorporated by reference to Exhibit (99)B of our Form 10-K Annual Report for the year ended December 31, 2003.
(21)	List of Subsidiaries.	Filed herewith electronically.
(23)	Consent of Independent Registered Public Accounting Firm at page 30 hereof is filed as a part hereof.	See page 30 hereof.
(24)	Powers of Attorney.	Filed herewith electronically.
(31)	Rule 13a-14(a) Certifications.	Filed herewith electronically.
(32)	Section 1350 Certifications.	Filed herewith electronically.
(101)	Interactive File Data.	Filed herewith electronically.

EXHIBIT (10)K

ECOLAB SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(As Amended and Restated Effective December 31, 2010)

ECOLAB SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended and Restated Effective as of December 31, 2010)

WHEREAS, the Company previously established the Ecolab Supplemental Executive Retirement Plan (the “Plan”) to provide additional retirement benefits in consideration of services performed and to be performed by certain participants for the Company and certain related corporations; and

WHEREAS, the American Jobs Creation Act of 2004, P.L. 108-357 (the “AJCA”) added a new Section 409A to the Code, which significantly changed the Federal tax law applicable to “amounts deferred” under the Plan after December 31, 2004; and

WHEREAS, before the issuance by the U.S. Treasury and the Internal Revenue Service (the “IRS”) of interpretive guidance with respect to Code Section 409A, the Company amended the Plan to temporarily freeze the accrual of SERP Benefits hereunder as of December 31, 2004; and

WHEREAS, the IRS and U.S. Treasury subsequently issued regulations and other guidance regarding the requirements of and compliance with Code Section 409A; and

WHEREAS, the Board of Directors of the Company directed and authorized appropriate officers of the Company to amend the Plan to (a) reinstate the accrual of SERP Benefits, effective retroactively as of January 1, 2005 and (b) comply, with respect to the Non-Grand fathered SERP Benefits, with the requirements of Code Section 409 and guidance issued thereunder; and

WHEREAS, the Plan was amended and restated in its entirety, effective as of January 1, 2005; and

WHEREAS, the Board of Directors of the Company authorized the appropriate officers of the Company to amend the Plan (i) to use the lump sum actuarial factors to determine the annual installment payment amount (including an increase in installment payments that were commenced prior to January 1, 2011), and (ii) to include an actuarial increase in the non-grandfathered portion of any payments that are required to be deferred as a result of the five (5) year redeferral rule to a date that is after the later of Separation from Service or age 62.

NOW, THEREFORE, pursuant to Section 1.3 of the Plan and Section 5.1 of the Ecolab Inc. Administrative Document for Non-Qualified Benefit Plans, the Company hereby amends and restates the Plan in its entirety, effective as of December 31, 2010, to read as follows:

ARTICLE I
PREFACE

Section 1.1 Effective Date .

(1) The effective date of this amended and restated Plan is December 31, 2010.

(2) The benefit, if any, payable with respect to a former Executive who Retired or died prior to January 1, 2005 (and who is not rehired by a member of the Controlled Group thereafter) shall be determined by, and paid in accordance with, the terms and provisions of the Plan as in effect prior to January 1, 2005, subject to Sections 1.4 and 3.3(2)(c). Notwithstanding any provision of the Plan to the contrary, an Executive’s SERP Benefit (which was temporarily frozen from December 31, 2004

through December 31, 2008) shall be retroactively adjusted on January 1, 2009 to reflect the benefit that would have been accrued by the Executive under the Plan, in accordance with Section 3.2, during the period commencing on January 1, 2005 and ending on the earlier of December 31, 2008 or the date on which the Executive terminated his services with the Employers as an employee.

Section 1.2 Purpose of the Plan . The purpose of this Plan is to provide additional retirement benefits for certain management and highly compensated employees of the Company who perform management and professional functions for the Company and certain related entities.

Section 1.3 Administrative Document . This Plan includes the Ecolab Inc. Administrative Document for Non-Qualified Benefit Plans (the "Administrative Document"), which is incorporated herein by reference.

Section 1.4 American Jobs Creation Act of 2004 (AJCA) .

(1) To the extent applicable, it is intended that the Plan (including all Amendments thereto) comply with the provisions of Code Section 409A, as enacted by the American Jobs Creation Act of 2004, P.L. 108-357 (the "AJCA"), so as to prevent the inclusion in gross income of any amount of SERP Benefit accrued hereunder in a taxable year that is prior to the taxable year or years in which such amounts would otherwise be actually distributed or made available to the Executives. The Plan shall be administered in a manner that will comply with Code Section 409A, including regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto (collectively with the AJCA, the "409A Guidance"). All Plan provisions shall be interpreted in a manner consistent with the 409A Guidance.

(2) The Administrator shall not take any action hereunder that would violate any provision of Code Section 409A. The Administrator is authorized to adopt rules or regulations deemed necessary or appropriate in connection with the 409A Guidance to anticipate and/or comply with the requirements thereof (including any transition or grandfather rules thereunder).

(3) Notwithstanding any provision of the Plan, any Grandfathered SERP Benefits (including any Pre-Retirement SERP Benefits attributable thereto) shall continue to be governed by the law applicable to nonqualified deferred compensation prior to the addition of Section 409A to the Code and shall be subject to the terms and conditions specified in the Plan as in effect prior to January 1, 2005, except as otherwise provided herein. Notwithstanding any provision of the Plan to the contrary, neither the Company nor the Administrator guarantee to any Executive or Death Beneficiary any specific tax consequences of participation in or entitlement to or receipt of benefits from, the Plan, and each Executive or the Executive's Death Beneficiary shall be solely responsible for payment of any taxes or penalties incurred in connection with his participation in the Plan.

ARTICLE II
DEFINITIONS

Words and phrases used herein with initial capital letters which are defined in the Pension Plan or the Administrative Document are used herein as so defined, unless otherwise specifically defined herein or the context clearly indicates otherwise. The following words and phrases when used in this Plan with initial capital letters shall have the following respective meanings, unless the context clearly indicates otherwise:

.

Section 2.1 " Actuarial Equivalent " or " Actuarially Equivalent ." A benefit is the "Actuarial Equivalent" of another benefit if, on the basis of Actuarial Factors, the present values of such benefits are equal.

Section 2.2 " Actuarial Factors " shall mean the actuarial assumptions set forth in Exhibit A which is attached to and forms a part of this Plan.

Section 2.3 " Cash Balance Participant " shall mean an Executive for whom a Retirement Account is maintained under the Pension Plan.

Section 2.4 " Death Beneficiary ."

The term "Death Beneficiary" shall mean the beneficiary designated under this Plan and the Mirror Pension Plan. The designation of a Death Beneficiary may be made, and may be revoked or changed only by an instrument (in form prescribed by Administrator) signed by the Executive and delivered to the Administrator during the Executive's lifetime. If the Executive is married on the date of his death and has been married to such spouse throughout the one-year period ending on the date of his death, his designation of a Death Beneficiary other than, or in addition to, his spouse under the Plan shall not be effective unless such spouse has consented in writing to such designation. Any Mirror Pension Benefits remaining to be paid after the death of a Death Beneficiary (or a contingent Death Beneficiary, to the extent designated by the Executive) shall be paid to the Death Beneficiary's estate. If no Death Beneficiary is designated by the Executive or all the designated Death Beneficiaries predeceased the Executive, the Executive's Death Beneficiary shall be his spouse, and if there is no surviving spouse, then the Executive's estate. The most recent Death Beneficiary designation on file with the Administrator will be given effect, and in the event of conflicting forms files simultaneously under this Plan and Mirror Pension Plan, the Death Beneficiary designation under this Plan will govern.

Section 2.5 " Disability " or " Disabled " shall mean any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Executive to be unable to perform the duties of his position of employment or any substantially similar position of employment.

Section 2.6 " Executive " shall mean an Employee who is an elected corporate officer of an Employer and who is selected by the Administrator to participate in the Plan or such other Employee who is selected by the Chief Executive Officer of the Company to participate in the Plan.

Section 2.7 " Final Average Compensation " shall mean the average of an Executive's Annual Compensation (as defined in the Administrative Document but as modified by the next sentence) for the five (5) consecutive Plan Years of employment with the Employers preceding the date on which the Executive terminated his services with all Employers as an employee or death (including the year in which the Executive so terminated his service or death) which yields the highest average compensation. Notwithstanding the foregoing, for purposes of calculating the Final Annual Compensation of a Disabled Executive, the rules applicable for determining the Final Annual Compensation for persons who accrue benefits under the Final Average Compensation formula specified in Section 4.6 of the Pension Plan shall apply. If an Executive has been employed by the Employers for a period of less than five (5) Plan Years preceding the date on which the Executive terminated his services with all Employers or death, Final Average Compensation shall be calculated using the Executive's total period of employment with the Employers (calculated using complete months of employment).

Section 2.8 " Grandfathered SERP Benefit " shall mean the portion of an Executive's SERP Benefit that is deemed to have been deferred (within the meaning of the 409A Guidance) under the Plan

before January 1, 2005 and that is equal to the present value as of December 31, 2004 of the vested SERP Benefit to which the Executive would be entitled under the Plan, as in effect on October 3, 2004, if the Executive voluntarily terminated employment with the Controlled Group without cause on December 31, 2004 and received a payment, on the earliest possible date allowed under the Plan, of his SERP Benefit in the form with the maximum value. A Grandfathered SERP Benefit shall be increased in subsequent years to equal the present value of the benefit the Executive actually becomes entitled to receive, in the form and at the time actually paid, determined under the terms of the Plan as in effect on October 3, 2004, without regard to any services rendered or Compensation increases applicable after December 31, 2004.

Section 2.9 " Mirror Pension Benefit " shall mean one-twelfth (l/12th) of the annual total benefit payable to an Executive under the Ecolab Mirror Pension Plan calculated on a single life annuity basis commencing at age 65, as determined by the Administrator.

Section 2.10 " Non-Grandfathered SERP Benefit " shall mean any SERP Benefit that is not a Grandfathered SERP Benefit.

Section 2.11 " Pension Benefit " shall mean one-twelfth (1/12th) of the annual total pensions paid or payable to the Executive under any pension plan (other than the Ecolab Savings Plan, as such plan may be amended from time to time) sponsored by a member of the Controlled Group which satisfies the qualification requirements of the Code calculated on a single life annuity basis commencing at age 65, as determined by the Administrator including (a) projected payments from any former pension plan or former profit sharing plan which reduces the pension payable under the Pension Plan, or (b) payments of Retirement Account benefits under the Pension Plan.

Section 2.12 " Plan " shall mean this Ecolab Supplemental Executive Retirement Plan, as it may be amended from time to time.

Section 2.13 " Primary Insurance Amount " shall mean the monthly primary social security benefit to which the Executive will be entitled at age 65, determined in accordance with Exhibit B which is attached to and forms a part of this Plan.

Section 2.14 " Retirement " or " Retired ." The Retirement of an Executive shall occur upon his termination of employment for any reason other than death or Disability on or after (1) his attainment of age 55 and the completion of at least 10 Years of Eligibility Service, or (2) his attainment of age 65. For purposes of determining Retirement under this Plan, the employment of a Disabled Executive shall be deemed to have terminated "for reasons other than Disability" twelve months after the Executive becomes Disabled, provided he does not resume active employment with the Controlled Group before such date.

Section 2.15 " Savings Plan Benefit " shall mean the benefit payable to the Executive calculated as of July 1, 1994 in accordance with Exhibit C which is attached to and forms a part of this Plan.

Section 2.16 " Separation from Service " or to " Separate from Service " shall mean any termination of employment with the Controlled Group due to retirement, death, disability or other reason; provided, however, that no Separation from Service is deemed to occur while the Executive (1) is on military leave, sick leave, or other bona fide leave of absence that does not exceed six (6) months (or, in the case of Disability, twelve (12) months), or if longer, the period during which the Executive's right to reemployment with the Controlled Group is provided either by statute or by contract, or (2) continues to perform services for the Controlled Group at an annual rate of fifty percent (50%) or more of the average level of services performed over the immediately preceding 36-month period (or the full period in which the Executive provided services (whether as an employee or as an independent contractor) if the

Executive has been providing services for less than 36 months). With respect to the terms of the Plan affecting Non-Grandfathered SERP Benefits, any reference to "termination of employment" in the Plan shall mean Separation from Service as defined in this Section. Whether an Executive has incurred a Separation from Service shall be determined in accordance with the 409A Guidance.

Section 2.17 " SERP Benefit " shall mean the retirement benefit determined under Article III.

Section 2.18 " SERP Pre-Retirement Benefit " shall mean the pre-retirement benefit determined under Article IV.

Section 2.19 " Specified Employee " shall mean "Specified Employee" as defined in the Administrative Document.

Section 2.20 " Year of Benefit Service ."

(1) An Executive shall be credited with one Year of Benefit Service for each year of "Credited Service" (or such other defined term which is used to determine service for benefit accrual purposes) as defined by and credited to the Executive under the Pension Plan. Notwithstanding the foregoing, for purposes of calculating Years of Benefit Service for a Cash Balance Participant, the rules applicable for determining Credited Service under the Pension Plan for persons who accrue benefits under the Final Average Compensation formula specified in Article 4 of the Pension Plan shall apply.

(2) A Disabled Executive shall continue to accrue Years of Benefit Service during the period of twelve months following the date on which he becomes Disabled for purposes of determining the amount of his SERP Benefit hereunder.

(3) In no event shall an Executive's Years of Benefit Service under the Plan exceed thirty (30) years.

Section 2.21 " Year of Eligibility Service ."

(1) An Executive shall be credited with one Year of Eligibility Service for each year of "Continuous Service" (or such other defined term which is used to determine service for vesting purposes) as defined by and credited to the Executive under the Pension Plan.

(2) A Disabled Executive shall continue to accrue Years of Eligibility Service during the first twelve months of his Disability for purposes of determining his vested interest in of his SERP Benefit hereunder.

Section 2.22 " Year of Past Service Credit " means the excess, if any, of the thirty (30) Years of Benefit Service required to earn the maximum SERP Benefit hereunder over the number of Years of Benefit Service it would be possible for the Executive to accumulate by his attainment of age 65 or, if later, the date of his Retirement.

ARTICLE III
SERP BENEFITS

Section 3.1 Participation .

(1) Commencement of Participation . Any Employee who as of the Effective Date is a participant in the Plan, shall continue to participate, subject to Subsection (2). Any other Employee

shall become a participant in the Plan as of the first date on or after the Effective Date on which he is an Executive.

(2) Termination of Participation. An Executive shall cease to be a participant in the Plan on the earliest to occur of (a) the date the Executive ceases to be employed by the Controlled Group or dies before becoming vested in his SERP Benefit, or (b) the date on which the Executive's SERP Benefit is distributed from the Plan.

Section 3.2 Amount of SERP Benefits. Each vested Executive shall, upon termination of employment (Separation from Service with respect to the Non-Grandfathered SERP Benefit), be entitled to a SERP Benefit which shall be determined as hereinafter provided.

(1) The SERP Benefit shall be a monthly retirement benefit payable in the form of a fifteen-year (15) certain benefit commencing upon the Executive's attainment of age 65 equal to the sum of (a) and (b), where:

(a) = one-twelfth (1/12 th) of the Executive's Final Average Compensation, multiplied by two percent (2%) for each of the Executive's Years of Benefit Service (up to a maximum of thirty (30)), reduced by (i) the Pension Benefit, (ii) the Mirror Pension Benefit, (iii) fifty percent (50%) of the Primary Insurance Amount, and (iv) the Savings Plan Benefit; and

(b) = the difference between (i) one-twelfth (1/12 th) of the Executive's Final Average Compensation, and (ii) one-twelfth (1/12 th) of the Executive's Annual Compensation for the Plan Year in which the Executive commenced employment with the Controlled Group, such difference multiplied by one percent (1%) for each of the Executive's Years of Past Service Credit (if any).

(2) For purposes of Subsection (l)(b)(ii), if the Executive was not an Employee for the entire Plan Year, his Annual Compensation for such Plan Year shall be annualized based on the number of days employed by the Controlled Group out of a Plan Year of 365 days.

(3) Notwithstanding anything in this Section 3.2 to the contrary, in no event will any Executive's SERP Benefit be less than such Executive's Grandfathered SERP Benefit.

(4) Notwithstanding the foregoing provisions of this Section 3.2, the SERP Benefit shall be frozen as of December 31, 2020. In connection with the freezing of benefit accruals under the SERP as of December 31, 2020, in applying the formula in Section 3.2(1), an Executive's Final Average Compensation, Years of Benefit Service, Pension Benefit, Mirror Pension Benefit, Primary Insurance Amount and Savings Plan Benefit will each be determined as of December 31, 2020 (or if earlier, as of the Executive's termination of employment (Separation from Service with respect to the Non-Grandfathered SERP Benefit)).

Section 3.3 Time of Payment.

(1) Grandfathered SERP Benefit. The provisions of this Section 3.3(1) shall apply solely with respect to the portion of an Executive's SERP Benefit that is a Grandfathered SERP Benefit. Payment of any portion of an Executive's SERP Benefit that is a Non-Grandfathered SERP Benefit shall be made in accordance with Section 3.3(2).

(a) In General. An Executive's SERP Benefit shall be paid or commence to be paid within 90 days after the later of the date the Executive attains age 65 or the date of the Executive's Retirement. Notwithstanding the foregoing, if payment at such time is prevented due to reasons outside of the Administrator's control, the SERP Benefits shall commence to be paid as soon as practicable after the end of such 90-day period, and the first payment hereunder shall include any SERP Benefits not paid as a result of the delay in payment.

(b) Early Commencement. Notwithstanding the provisions of Subsection (1)(a) of this Section, upon the written request of the Executive (on a form prescribed by the Administrator) which is filed with the Administrator prior to the Executive's termination of employment with the Controlled Group because of involuntary termination, death or Disability or at least one (1) year prior to the Executive's voluntary Retirement, the Administrator may, in its complete and sole discretion, commence payment of the SERP Benefits to the Executive at a specified date which is after the Executive's Retirement but prior to the Executive's attainment of age 65; provided, however, that the amount of the SERP Benefit shall be reduced by one/two hundred and eightieth (1/280th) for each month that the date of the commencement of the SERP Benefits precedes the date on which the Executive will attain age 62.

(2) Non-Grandfathered SERP Benefits. The provisions of this Section 3.3(2) shall apply solely with respect to the portion of an Executive's vested SERP Benefit that is a Non-Grandfathered SERP Benefit. Payment of any portion of an Executive's SERP Benefit that is a Grandfathered SERP Benefit shall be made in accordance with Section 3.3(1).

(a) In General. Except as provided in subsection (b), an Executive's vested Non-Grandfathered SERP Benefit shall be paid or commence to be paid on the first day of the third month following the month in which occurs the later of the date on which the Executive (i) attains age 55 or (ii) Separates from Service, subject to Section 3.3(2)(d), Section 3.4(2)(d) and 3.4(2)(c) (as applicable). The amount of any such SERP Benefit paid before the Executive's attainment of age 65 shall be reduced by one/two hundred and eightieth (l/280th) for each month that the date of the commencement of the SERP Benefits precedes the date on which the Executive will attain age 62.

(b) Cash Balance Participant. A Cash Balance Participant's Non-Grandfathered SERP Benefit shall be paid or commence to be paid on the first day of the third month following the month in which the Executive Separates from Service, subject to Section 3.3(2)(d) and Section 3.4(2)(d) (as applicable).

(c) Certain Transition Distributions to Terminated Executives.

(i) An Executive who Separated from Service after December 31, 2004 and before December 31, 2008 and has commenced payments of his Grandfathered SERP Benefits at any time before December 31, 2008, shall receive his Non-Grandfathered SERP Benefit (if any), for which the Executive's SERP Benefit is retroactively adjusted pursuant to Section 1.1 on January 1, 2009, in the same form and at the same time as the Executive's Grandfathered benefit, subject to Section 3.3(2)(d). Notwithstanding the foregoing, a Cash Balance Participant's Non-Grandfathered SERP Benefit shall be paid on March 1, 2009, subject to Section 3.3(2)(d).

(ii) An Executive who Separated from Service after December 31, 2004 and before December 31, 2008 and has not before December 31, 2008 commenced payments of his Non-Grandfathered SERP Benefit, shall receive his Non-Grandfathered SERP

Benefit, for which the Executive's SERP Benefit is retroactively adjusted pursuant to Section 1.2 on January 1, 2009, in a single lump sum on March 1, 2009.

(d) Payment Delay for Specified Employees. Notwithstanding any provision of the Plan, payments to a Specified Employee shall be made or commence on the latest of (i) the date specified in Section 3.3(2)(a), (b) or (c), (ii) the date specified in Section 3.4(2)(d)(i), if the Executive made an election pursuant to such section, or (iii) the date that is six (6) months after the Specified Employee's Separation From Service; provided, however, that if the Executive dies before the date specified in (i), (ii) or (iii), the Executive's benefit shall be paid or commence on the date specified in Section 4.2. The first payment made to the Specified Employee following the 6-month delay shall include any SERP Benefit payments that were not made as a result of the delay in payment pursuant to this paragraph (d), with interest at an annual rate of five percent (5%) compounded annually. Notwithstanding the foregoing, this paragraph (d) shall not apply to any Executive if on the date of his Separation from Service, the stock of the Company and Controlled Group members is not publicly traded on an established securities market (within the meaning of the 409A Guidance).

(e) Actuarial Adjustment for Delay on Account of Election Under Section 3.4(2)(d)(i). If an Executive's election under Section 3.4(2)(d)(i) delays the commencement of benefits beyond the later of the Executive's Separation from Service or the date on which the Executive attains age 62, then such benefit will be actuarially increased using the Actuarial Factors for lump sum calculations, as in effect on the date the benefit payments were originally scheduled to be paid or commenced to be paid, provided, however, in no event will the interest rate exceed seven and one-half percent (7½%).

Section 3.4 Form of Payment.

(1) Grandfathered SERP Benefit. The provisions of this Section 3.4(1) shall apply solely with respect to the portion of an Executive's SERP Benefit that is a Grandfathered SERP Benefit.

(a) In General. An Executive who does not want his SERP Benefit to be paid in the form of the 15-year certain benefit described in Section 3.2 may elect to receive his SERP Benefit in any of the optional forms of benefit payment which are permitted under the Pension Plan. Any such optional form of benefit shall be the Actuarial Equivalent of the SERP Benefit payable to the Executive in the form specified in Section 3.2.

(b) Lump Sum Payment.

(i) Notwithstanding the provisions of Subsection (l)(a) of this Section, an Executive may elect to receive the SERP Benefit in the form of a single lump sum payment.

(ii) The lump sum payment described in paragraph (b)(i) of this Subsection shall be calculated by converting the Executive's SERP Benefit (calculated in accordance with the provisions of Section 3.2) at the time of the commencement of such Benefit into a lump sum amount of equivalent actuarial value when computed using the Actuarial Factors specified in Exhibit A for this purpose, and then applying the ten percent (10%) reduction, if applicable, provided for in Subsection (c) of this Section.

(iii) Notwithstanding any provision of the Plan to the contrary, in the event the equivalent actuarial value of the Executive's SERP Benefit, when computed using the

Actuarial Factors specified in Exhibit A for this purpose, does not exceed $25,000, such Benefit shall be paid in the form of a single lump sum payment.

(c) Form/Timing of Election . Any election of an optional form of benefit must be in writing (on a form provided by the Administrator) and filed with the Administrator prior to the Executive's termination of employment with the Controlled Group because of involuntary termination, death or Disability or at least one (1) year prior to the Executive's voluntary Retirement. Any such election may be changed at any time and from time to time without the consent of any existing Death Beneficiary or any other person (except as described in Section 2.2), by filing a later signed written election with the Administrator; provided that any election made less than one (1) year prior to the Executive's voluntary Retirement shall not be valid, and in such case, payment shall be made in accordance with the latest valid election of the Executive. Notwithstanding the foregoing, an Executive shall be permitted to make an election to receive his SERP Benefit in the form of a lump sum payment within the one (1) year period prior to his voluntary termination if (and only if) the amount of the SERP Benefit payable to the Executive is reduced by ten percent (10%).

(2) Non-Grandfathered SERP Benefits . The provisions of this Section 3.4(2) shall apply solely with respect to the portion of an Executive's SERP Benefit that is a Non-Grandfathered SERP Benefit.

(a) Normal Payment Form . Unless an Executive makes an election pursuant to Section 3.4(2)(b) or (e), the Executive's Non-Grandfathered SERP Benefit will be paid to the Executive in the form of annual installment payments payable over a period often (10) years, the amount of which is Actuarially Equivalent to the SERP Benefit calculated under Section 3.2.

(b) Optional Forms of Benefit . In lieu of the normal form of payment, an Executive may make or change an election to receive his Non-Grandfathered SERP Benefit in one of the following Actuarially Equivalent optional forms of benefit:

(i) A single life annuity payable monthly to the Executive during the Executive's life and ending on the date of the Executive's death.

(ii) A reduced joint and survivor annuity payable monthly to the Executive during the Executive's life, and after the Executive's death, payable monthly to the Executive's spouse who survives the Executive in the amount equal to 50%, 75% or 100% (as the Executive elects) of such reduced lifetime monthly amount.

(iii) A reduced life and period certain annuity payable monthly to the Executive during the Executive's life, with payment thereof guaranteed to be made for a period of five (5) or ten (10) years, as elected by the Executive, and, in the event of the Executive's death before the end of such 5- or 10- year period, payable in the same reduced amount for the remainder of such 5- or 10-year period, to the Death Beneficiary designated by the Executive.

(iv) Annual installment payments payable to the Executive over a period of five (5) or ten (10) years, as elected by the Executive.

(v) A single lump sum payment.

(c) Mandatory Lump Sum . Notwithstanding any provision of the Plan to the contrary, in the event that the present value of the Executive's Non-Grandfathered SERP Benefit does not exceed $25,000 at the time of distribution, such Non-Grandfathered SERP Benefit shall be paid in the form of a single lump sum payment on the date of the Executive's Separation from Service (or, if necessary for administrative reasons, within the period after such Separation from Service that ends on the earlier of (i) 90 days or (ii) the first day of the third month following the month in which occurs the date of the Executive's Separation from Service), subject to Section 3.3(2)(d).

(d) Election of Optional Form of Payment . An election of an optional form of payment must be in writing (on a form provided by the Administrator) and must satisfy the following requirements:

(i) Except as provided in Section 3.4(2)(e), if an Executive wishes to elect an optional form of payment under Section 3.4(2)(b) above (other than the normal form of payment) or wishes to change his election made under Section 3.4(2)(e) (other than an election change described in Section 3.4(2)(d)(ii)), the election must be filed with the Administrator at least twelve (12) months before the Executive's Separation from Service. The most recent election on file with the Administrator (that was filed at least twelve (12) months before the Executive's Separation from Service and that remains on file with the Administrator as of the date of Separation from Service) shall be given effect and become irrevocable on the date of the Executive's Separation from Service. No election filed less than twelve (12) months before the Executive's Separation from Service shall have any force or effect, except as provided in Section 3.4(2)(d)(ii). The payment pursuant to an election made under this Section 3.4(2)(d)(i) shall be made or commence on the first day of the month coincident with or immediately following the fifth anniversary of the original commencement date specified in Section 3.3(2)(a) or (b) (as applicable).

(ii) An Executive who elected, pursuant to Section 3.4(2)(d)(i) or 3.4(2)(e), a life annuity form of payment (within the meaning of the 409A Guidance) described in Section 3.4(2)(b)(i), (ii) or (iii), may, at any time before the date of Separation from Service, change that annuity form of payment to an Actuarially Equivalent life annuity form of payment, provided the commencement date for such annuity, as specified in, respectively, Section 3.4(2)(d)(i) or Section 3.4(2)(e), remains unchanged.

(e) Transition Elections . Notwithstanding any provision of the Plan, any Executive who is an active employee of the Company or a member of the Controlled Group during the election period designated by the Administrator, ending no later than December 31, 2008, may make an election to receive his Non-Grandfathered SERP Benefit in one of the optional forms specified in Section 3.4(2)(b), commencing on the date specified in Section 3.3(2)(a) or(b) (as applicable); provided, however, that such election shall not apply if the Executive Separates from Service on or before December 31, 2008 and is subject to the provision of Section 3.3(2)(c). The transition election must be made in writing, on a form provided by the Administrator and filed with the Administrator within the designated transition election period. The transition election made pursuant to this paragraph (e) may not cause any amount to be paid in 2008 if not otherwise payable and may not delay payment of any amount that is otherwise payable in 2008.

(f) Coordination of Payment Elections with Mirror Pension Plan . If an Executive is also a participant in the Mirror Pension Plan, the Executive's Non-Grandfathered Mirror Pension Benefit and the Non-Grandfathered SERP Benefit will be paid in the same form and at the same

time. If an Executive makes an election of an optional payment form pursuant to Section 3.4(2)(b) of the Plan or Section 3.3(2)(b) of the Mirror Pension Plan, the most recent election filed with the Administrator under either this Plan or the Mirror Pension Plan at least twelve (12) months before the Separation from Service (or, if applicable, at a date specified in paragraph (d)(ii) of this Subsection) that remains on file with the Administrator on the date of Separation from Service will govern the form and time of payment under the Plan. In the event of conflicting election forms filed simultaneously under this Plan and the Mirror Pension Plan, the election filed under this Plan shall govern.

Section 3.5 Death After Commencement of Non-Grandfathered SERP Benefits . If an Executive dies after commencing payment of his Non-Grandfathered SERP Benefit under the Plan but before his entire Non-Grandfathered SERP Benefit is distributed, payments to the Executive's Death Beneficiary (if any) will be made (a) in accordance with the elected optional form of payment described in Section 3.4 (2)(b)(ii) or (iii) (if elected), or (b) ninety (90) days after the Executive's death in the form of a single lump sum, calculated using the Actuarial Factors in effect on the date of distribution, if the Executive elected one of the optional forms of payment described in Section 3.4(b)(iv).

Section 3.6 Adjustment to Annual Installment Payments Commencing Prior to January 1, 2011 . If payment of an Executive's Non-Grandfathered SERP Benefit commenced after January 1, 2005 but prior to January 1, 2011 in the form of annual installment payments over a period of five (5) or ten (10) years, then

(1) The Executive's annual installment payments will be recalculated as of the original payment commencement date using the Plan's Actuarial Factors for lump sum calculations and any increase in the amount of each such installment will be paid as follows:

(a) The increase in the annual installments that were payable prior to January 1, 2011 will be paid in a single lump sum amount during the calendar quarter beginning January 1, 2011 and ending March 31, 2011; and

(b) Each annual installment due on or after January 1, 2011 will be adjusted to include the increase resulting from the recalculation.

ARTICLE IV
SERP PRE-RETIREMENT BENEFITS

Section 4.1 Eligibility . The Death Beneficiary of an Executive who dies after becoming vested in his SERP Benefits (including the Death Beneficiary of an Executive who dies while he is Disabled) but prior to commencing to receive SERP Benefits hereunder shall be entitled to receive the SERP Pre-Retirement Benefits described in Section 4.2 in lieu of any other benefits described in the Plan.

Section 4.2 Amount, Form and Timing of SERP Pre-Retirement Benefits .

(1) Grandfathered SERP Benefit . A Death Beneficiary who is eligible for a SERP Pre-Retirement Benefit hereunder shall receive the portion of such SERP Pre-Retirement Benefit that is based on the Executive's Grandfathered SERP Benefit in accordance with this Subsection (1). The SERP Pre-Retirement Benefit that is based on the Executive's Grandfathered SERP Benefit shall be calculated in accordance with, and payable at the same time and (except as provided in Section 3.4(l)(b)) in the same manner as, the pre-retirement death benefits and (if applicable) the optional death benefits described in the Pension Plan, as determined by the Administrator. Notwithstanding the foregoing, the Death

Beneficiary of a Cash Balance Participant who is eligible for a SERP Pre-Retirement Benefit, shall receive such Benefit in the form of a lump sum payment.

(2) Non-Grandfathered SERP Benefit . A Death Beneficiary who is eligible for a SERP Pre-Retirement Benefit hereunder shall receive the portion of such SERP Pre-Retirement Benefit that is based on the Executive's vested Non-Grandfathered SERP Benefit as follows.

(a) If an Executive (i) is not married on the date of his death, (ii) has been married for less than one year prior to his death and designates a Death Beneficiary other than his spouse, or (iii) has been married for at least one year prior to his death and the Executive's spouse consents to the Executive's designation of a Death Beneficiary other than the spouse, the Executive's Death Beneficiary shall receive his benefit in an amount Actuarially Equivalent to the survivor benefit determined as if the Executive had Separated from Service on the earlier of the date of his actual Separation from Service or the date of his death, elected to receive his Non-Grandfathered SERP Benefit in the form of a monthly life annuity with (A) a five (5) year certain survivor benefit if the Executive had Separated from Service before attaining age 55, or (B) a ten (10) year certain survivor benefit, if the Executive had attained age 55 while an Employee, had survived to age 55 and had died immediately following his payment commencement date. The Non-Grandfathered SERP Pre-Retirement Benefit shall be paid in the form of an Actuarially Equivalent single lump sum payment on the first day of the third month after the later of the date on which the Executive would have attained age 55 or the date of the Executive's death.

(b) If an Executive who dies after becoming vested in his SERP Benefit is married on the date of his death and paragraph (a) does not apply to him, then the Executive's surviving spouse shall receive the SERP Pre-Retirement Benefit as follows:

(i) If the Executive had Separated from Service before attaining age 55, the Executive's spouse shall receive a reduced annuity payable monthly to the Executive's spouse during his life, commencing on the first day of the third month following the later of the date on which the Executive would have attained age 55 or the date of the Executive's death and ending on the date of the Executive's spouse's death, calculated as if the Executive had Separated from Service on the earlier of the date of the Executive's death or actual Separation from Service, elected a joint and 50% survivor annuity form of payment described in Section 3.4(2)(b)(ii), survived to age 55 and died on the date following the payment commencement date.

(ii) If the Executive had attained age 55 while an Employee, the Executive's spouse shall receive a reduced annuity payable monthly to the Executive's spouse during his life, commencing on the first day of the of the third month after the date of the Executive's death, calculated as if the Executive had died immediately after commencing payments in the form of an immediate joint and 100% survivor annuity form of payment described in Section 3.4(2)(b)(ii).

(c) Notwithstanding the foregoing, (i) if the SERP Pre-Retirement Benefit under this Subsection (2) is payable to a Cash-Balance Participant, such benefit will be distributed to the Executive's Death Beneficiary in the form of an Actuarially Equivalent single lump sum 90 days after the Executive's death, and (ii) if the present value of the SERP Pre-Retirement Benefit under this Subsection (2) payable to any Executive not described in (i) does not exceed $25,000, such benefit will be distributed to the Executive's Death Beneficiary in the form of an Actuarially Equivalent single lump sum on the first day of the third month following the later of the date on which the Executive would have attained age 55 of the date of the Executive's death.

ARTICLE V
VESTING

Section 5.1 Vesting .

(1) In General . Except as provided in Subsections (2) and (3) of this Section, an Executive shall become vested in the SERP Benefits upon (a) his attainment of age 65 while in the employ of the Controlled Group, (b) his attainment of age 55 while in the employ of the Controlled Group and his completion of 10 Years of Eligibility Service, or (c) his attainment of age 55 during the first twelve-month period of his Disability and his completion of 10 Years of Eligibility Service.

(2) Forfeiture Provision .

(a) Notwithstanding the provisions of Subsection (1) hereof, but subject to the requirements of paragraph (b) of this Subsection, the Employers shall be relieved of any obligation to pay or provide any future SERP Benefits or SERP Pre-Retirement Benefits under this Plan and shall be entitled to recover amounts already distributed if, without the written consent of the Company, the Executive, whether before or after termination with the Controlled Group (i) participates in dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or a Controlled Group member, (ii) commits any unlawful or criminal activity of a serious nature, (iii) commits any intentional and deliberate breach of a duty or duties that, individually or in the aggregate, are material in relation to the Executive's overall duties or (iv) materially breaches any confidentiality or noncompete agreement entered into with the Company or a Controlled Group member. The Employers shall have the burden of proving that one of the foregoing events have occurred.

(b) Notwithstanding the foregoing, an Executive shall not forfeit any portion of his SERP Benefits or SERP Pre-Retirement Benefits under paragraph (a) of this Subsection unless (i) the Executive receives reasonable notice in writing setting forth the grounds for the forfeiture, (ii) if requested by the Executive, the Executive (and/or the Executive's counsel or other representative) is granted a hearing before the full Board of Directors of the Company (the "Board") and (iii) a majority of the members of the full Board determine that the Executive violated one or more of the provisions of paragraph (a) of this Subsection.

(3) Acceleration of Vesting . Notwithstanding the provisions of Subsection (1) hereof, the SERP Benefits of the Executives (a) who are employed by the Controlled Group on the date of a Change in Control or (b) whose employment with the Company was terminated prior to a Change in Control but the Executive reasonably demonstrates that the termination occurred at the request of a third party who has taken steps reasonably calculated to effect the Change in Control, shall become immediately one hundred percent (100%) vested upon the occurrence of such Change in Control.

(4) Vesting Service After December 31, 2020 . Notwithstanding Section 3.2(4) concerning the freeze of benefit accruals after December 31, 2020, an Executive is eligible to accrue Years of Eligibility Service and attain age 55 while in the employ of the Controlled Group for continued employment after December 31, 2020.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Effect of Amendment and Termination . Notwithstanding any provision of the Plan (including the Administrative Document) to the contrary, no amendment or termination of the Plan

shall, without the consent of the Executive (or, in the case of his death, his Death Beneficiary), adversely affect the vested SERP Benefit or vested SERP Pre-Retirement Benefit under the Plan of any Executive or Death Beneficiary as such Benefit exists on the date of such amendment or termination; provided, however, that this limitation shall not apply to the extent deemed necessary by the Company to comply with the requirements of the 409A Guidance.

Section 6.2 Protective Provisions . Notwithstanding any provision of the Plan to the contrary, if an Executive commits suicide during the two-year period beginning on the date of his commencement of participation in the Plan or makes any material misstatement or nondisclosure of medical history, then, in the Administrator's sole and absolute discretion, no SERP Benefits or SERP Pre-Retirement Benefits shall be payable hereunder or such Benefits may be paid in a reduced amount (as determined by the Administrator).

Section 6.3 Limitation on Payments and Benefits . Notwithstanding any provision of this Plan to the contrary, if any amount or benefit to be paid or provided under this Plan or any other plan or agreement between the Executive and a Controlled Group member would be an "Excess Parachute Payment," within the meaning of Code Section 280G, or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be paid or provided under this Plan shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided to the Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Code Section 4999, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). If requested by the Executive or the Company, the determination of whether any reduction in such payments or benefits to be provided under this Plan or otherwise is required pursuant to the preceding sentence shall be made by the Company's independent accountants, at the expense of the Company, and the determination of the Company's independent accountants shall be final and binding on all persons. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 6.3 shall not of itself limit or otherwise affect any other rights of the Executive pursuant to this Plan. The Executive's benefit will be reduced only to the extent that the reduction in any cash payments due to the Executive is insufficient to reduce or eliminate Excess Parachute Payment as described in this Section. The Executive's Non-Grandfathered SERP Benefit (if any) shall be reduced if required by this section before any Grandfathered SERP Benefit is reduced.

Section 6.4 Establishment of Trust Fund .

(1) In General . The Plan is intended to be an unfunded, non-qualified retirement plan. However, the Company may enter into a trust agreement with a trustee to establish a trust fund (the "Trust Fund") and to transfer assets thereto (or cause assets to be transferred thereto), subject to the claims of the creditors of the Employers, pursuant to which some or all of the SERP Benefits and SERP Pre-Retirement Benefits shall be paid. Payments from the Trust Fund shall discharge the Employers' obligation to make payments under the Plan to the extent that Trust Fund assets are used to satisfy such obligations.

(2) Upon a Change in Control .

(a) Within thirty (30) business days of the occurrence of a Change in Control, to the extent it has not already done so, the Company shall be required to establish an irrevocable Trust Fund for the purpose of paying SERP Benefits and SERP Pre-Retirement Benefits. Except as described in the following sentence, all contributions to the Trust Fund shall be irrevocable and

the Company shall not have the right to direct the trustee to return to the Employers, or divert to others, any of the assets of the Trust Fund until after satisfaction of all liabilities to all of the Executives and their Death Beneficiaries under the Plan. Any assets deposited in the Trust Fund shall be subject to the claims of the creditors of the Employers and any excess assets remaining in the Trust Fund after satisfaction of all liabilities shall revert to the Company.

(b) In addition to the requirements described in paragraph (a) above, the Trust Fund which becomes effective on the Change in Control shall be subject to the following additional requirements:

(i) the trustee of the Trust Fund shall be a third party corporate or institutional trustee;

(ii) the Trust Fund shall satisfy the requirements of a grantor trust under the Code; and

(iii) the Trust Fund shall automatically terminate (A) in the event that it is determined by a final decision of the United States Department of Labor (or, if an appeal is taken therefrom, by a court of competent jurisdiction) that by reason of the creation of, and a transfer of assets to, the Trust, the Trust is considered "funded" for purposes of Title I of ERISA or (B) in the event that it is determined by a final decision of the Internal Revenue Service (or, if an appeal is taken therefrom, by a court of competent jurisdiction) that (I) a transfer of assets to the Trust is considered a transfer of property for purposes of Code Section 83 or any successor provision thereto, or (II) pursuant to Code Section 451 or 409A or any successor provision thereto, amounts are includable as compensation in the gross income of a Trust Fund beneficiary in a taxable year that is prior to the taxable year or years in which such amounts would otherwise be actually distributed or made available to such beneficiary by the trustee. Upon such a termination of the Trust, all of the assets in the Trust Fund attributable to the accrued SERP Benefits and SERP Pre-Retirement Benefits shall be immediately distributed to the Executives and the remaining assets, if any, shall revert to the Company; provided, however, that distributions to the Executives will be made only to the extent and in the manner permitted by the 409A Guidance.

(c) Within five (5) days following establishment of the Trust Fund, the Company shall transfer (or cause the Employers to transfer) to the trustee of such Trust Fund an amount equal to the equivalent actuarial present value of the SERP Benefits and SERP Pre-Retirement Benefits which have been accrued as of the date of the Change in Control on behalf of all of the Executives under the Plan (using the Actuarial Factors specified in Exhibit A for this purpose).

(d) In January of each year following a funding of the Trust Fund pursuant to paragraph (c) above, the Company shall cause to be deposited in the Trust Fund such additional amount (if any) by which the aggregate equivalent actuarial present value (determined using the Actuarial Factors specified in Exhibit A) of the sum of the SERP Benefits and SERP Pre-Retirement Benefits for all Executives under the Plan as of December 31 of the preceding year exceeds the fair market value of the assets of the Trust Fund as of such date.

(e) Notwithstanding the foregoing, an Employer shall not be required to make any contributions to the Trust Fund if the Employer is insolvent at the time such contribution is required.

(f) The Administrator shall notify the trustee of the amount of SERP Pension Benefits and SERP Pre-Retirement Benefits to be paid to or on behalf of the Executive from the Trust Fund and shall assist the trustee in making distribution thereof in accordance with the terms of the Plan.

(g) Notwithstanding any provision of the Plan or the Administrative Document to the contrary, the provisions of this Section 6.4(2) hereof (i) may not be amended following a Change in Control and (ii) prior to a Change in Control may only be amended (A) with the written consent of each of the Executives or (B) if the effective date of such Amendment is at least two (2) years following the date the Executives were given written notice of the adoption of such amendment; provided, however, that this limitation shall not apply to any amendment that is deemed necessary or reasonable (as determined in the sole discretion of the Committee) to comply with the requirements of the 409A Guidance.

Section 6.5 Delay of Payments Subject to Code Section 162(m) . The Company may delay the distribution of any amount otherwise required to be distributed under the Plan if, and to the extent that, the Company reasonably anticipates that the Company's deduction with respect to such distribution otherwise would be limited or eliminated by application of Code Section 162(m). In such event, (1) if any payment is delayed during any year on account of Code Section 162(m), then all payments that could be delayed on account of Code Section 162 (m) during such year must also be delayed; (2) such delayed payments must be paid either (i) in the first year in which the Company reasonably anticipates the payment to be deductible, or (ii) the period beginning on the date of the Executive's Separation from Service and ending on the later of the end of the Executive's year of separation or the fifteenth (15th) day of the third month after such separation; and (3) if payment is delayed to the date of Separation from Service with respect to an Executive who is a Specified Employee, such payment shall commence after such Executive's Separation from Service on the date immediately following the six-month anniversary of the Separation from Service, or if earlier, on the date of the Executive's death.

IN WITNESS WHEREOF, Ecolab Inc. has executed this Supplemental Executive Retirement Plan and has caused its corporate seal to be affixed this 29 th day of December, 2010.

ECOLAB INC.

By: /s/Steven L. Fritze
Steven L. Fritze
Chief Financial Officer

(Seal)

Attest:

By: /s/James J. Seifert
James J. Seifert
General Counsel and Secretary

EXHIBIT A
ACTUARIAL ASSUMPTIONS
FOR SERP BENEFITS AND
SERP PRE-RETIREMENT BENEFITS

1. Interest Rate:	
A. For Lump Sum	The interest rate will be 125% of the 10-year Treasury rate for the month of October preceding the Plan Year (i.e., January 1) (1) in which the retirement or other termination of employment is effective if the SERP Benefit is to commence immediately following such retirement or termination of employment or (2) in which the distribution becomes payable if the payment is to be deferred.
B. Annual Installments	Same as for lump sum.
C. General Actuarial Equivalence	7.5% except as provided in item 4 below.
2. Mortality — General Actuarial Equivalence	1971 Group Annuity Table.
3. Annuity Values Weighted - General Actuarial Equivalence	75% male, 25% female.
4. Early Commencement:	If payment is in the form of a single lump sum, the lump sum amount shall be based on the lump sum interest rate defined in item 1 above, and the "early retirement benefit" immediate annuity amount as determined under Section 3.3(l)(b) or 3.3(2)(a).

EXHIBIT B
PRIMARY SOCIAL SECURITY BENEFITS

(A) For purposes of the Plan, an Executive's monthly primary social security benefit is the estimated social security benefit amount, under the Old Age and Survivors Insurance Benefit Act of the United States in effect on the first day of the calendar year during which the Executive terminates employment, which the Executive is receiving, or would be entitled to receive, commencing at his attainment of age 65, whether or not he applies for, or actually receives, such benefits.

(B) The amounts determined under section (A) hereof shall be based upon the following assumptions:

(1) except as otherwise provided in Subsection (5) hereof, the Executive is assumed to have participated in social security starting at the later of age 22 or January 1, 1951;

(2) except as otherwise provided in Subsection (5) hereof, the Executive's compensation on which his social security benefit is based shall be assumed to be that resulting from applying a decrease for years prior to the mid-year of the years on which the Executive's Final Average Compensation is based, and an increase for years following such mid-year, at the same rates as the national average total wages for adjusting earnings as used in computing social security benefits, as published by the Social Security Administration for each such year, with the rate for the last published year being used for any years subsequent to such last published year;

(3) except as otherwise provided in Subsection (5) hereof, the taxable wage base, the factors for indexing wages, and the table or formula used to determine the estimated monthly primary social security benefit amount will be assumed to remain constant following the Executive's termination of employment;

(4) except as otherwise provided in Subsection (5) hereof, for an Executive whose employment terminates prior to his attainment of age 65, it shall be assumed that he earned no compensation from the date of termination of his employment to his attainment of age 65;

(5) for an Executive whose benefit is based, in whole or part, upon the continuing accrual of Years of Benefit Service during the period of his Disability, it shall be assumed that, during the period for which he accrues Years of Benefit Service under those sections, he continued to earn Annual Compensation at the same rate as during the Plan Year in which he became Disabled; provided, however, that, in the event the Executive is receiving, or is entitled to receive, a primary social security disability benefit, the amount of such benefit shall be deemed to be his "primary social security benefit" for purposes of the Plan, in lieu of the amount otherwise determined under this Exhibit B;

(C) an Executive who, for any reason, is not a participant in the United States social security benefit program shall be deemed to participate fully in such program for purposes of determining the Executive's primary social security benefit.

(D) An Executive's primary social security benefit may be determined by reference to a schedule based upon pay brackets, provided such schedule is prepared in accordance with the foregoing provisions of this Exhibit B.

EXHIBIT C
SAVINGS PLAN BENEFIT

The Savings Plan Benefit shall be one-twelfth (l/12th) of the annual benefit, determined by the Administrator, that would be provided by Employer Contributions to the Ecolab Savings Plan (formerly the EL Thrift Plan) (hereafter the "Savings Plan") made on or prior to July 1, 1994, if the Executive's benefit under the Savings Plan as of July 3, 1994 were paid commencing at the Executive's attainment of age 65 on a straight life annuity basis (based on an interest rate of 4.25% and the 1984 Unisex Pension Mortality Table shifted forward one year) and assuming (1) that the Employers contributed to the Savings Plan on the Executive's behalf from (a) the later of January 1, 1977 or the date of the Executive's first eligibility for participation in the Savings Plan until (b) the earlier of the Executive's Retirement or July 1, 1994, an annual amount equal to three percent (3%) of the Executive's actual Annual Compensation; provided, however, that the three percent (3%) shall be reduced by the amount, if any, which could not be contributed in each year by reason of the maximum contributions limitations of Code Section 415 and the maximum compensation limitations of Code Section 401(a)(17), and (2) that such Employer contributions to the Savings Plan on behalf of the Executive accumulated earnings at an annual rate of eight percent (8%) for all periods prior to January 1, 1991, and for each calendar year thereafter until the earlier of the Executive's attainment of age 65 or December 31, 1993, at an interest rate established annually by the Administrator based on the PBGC's immediate annuity rate as of the December 31 of the immediately preceding year, and for the period from January 1, 1994 until the attainment of age 65, at an interest rate of 4.25% (the December 1993 PBGC immediate rate).

TABLE OF CONTENTS

		Page
ARTICLE I PREFACE		1
Section 1.1	Effective Date	1
Section 1.2	Purpose of the Plan	2
Section 1.3	Administrative Document	2
Section 1.4	American Jobs Creation Act of 2004 (AJCA)	2
ARTICLE II DEFINITIONS		2
Section 2.1	“Actuarial Equivalent” or “Actuarially Equivalent.”	3
Section 2.2	“Actuarial Factors”	3
Section 2.3	“Cash Balance Participant”	3
Section 2.4	“Death Beneficiary.”	3
Section 2.5	“Disability” or “Disabled”	3
Section 2.6	“Executive”	3
Section 2.7	“Final Average Compensation”	3
Section 2.8	“Grandfathered SERP Benefit”	3
Section 2.9	“Mirror Pension Benefit”	4
Section 2.10	“Non-Grandfathered SERP Benefit”	4
Section 2.11	“Pension Benefit”	4
Section 2.12	“Plan”	4
Section 2.13	“Primary Insurance Amount”	4
Section 2.14	“Retirement” or “Retired.”	4
Section 2.15	“Savings Plan Benefit”	4
Section 2.16	“Separation from Service” or to “Separate from Service”	4
Section 2.17	“SERP Benefit”	5
Section 2.18	“SERP Pre-Retirement Benefit”	5
Section 2.19	“Specified Employee” shall mean “Specified Employee”	5
Section 2.20	“Year of Benefit Service.”	5
Section 2.21	“Year of Eligibility Service.”	5
Section 2.22	“Year of Past Service Credit”	5
ARTICLE III SERP BENEFITS		5
Section 3.1	Participation	5
Section 3.2	Amount of SERP Benefits	6

Section 3.3	Time of Payment	6
Section 3.4	Form of Payment	8
Section 3.5	Death After Commencement of Non-Grandfathered SERP Benefits	11
Section 3.6	Adjustment to Annual Installment Payments Commencing Prior to January 1, 2011	11
ARTICLE IV SERP PRE-RETIREMENT BENEFITS		11
Section 4.1	Eligibility	11
Section 4.2	Amount, Form and Timing of SERP Pre-Retirement Benefits	11
ARTICLE V VESTING		13
Section 5.1	Vesting	13
ARTICLE VI MISCELLANEOUS		13
Section 6.1	Effect of Amendment and Termination	13
Section 6.2	Protective Provisions	14
Section 6.3	Limitation on Payments and Benefits	14
Section 6.4	Establishment of Trust Fund	14
Section 6.5	Delay of Payments Subject to Code Section 162(m)	16

EXHIBIT (10)M

ECOLAB MIRROR PENSION PLAN

(As Amended and Restated Effective December 31, 2010)

ECOLAB MIRROR PENSION PLAN

(As Amended and Restated Effective as of December 31, 2010)

WHEREAS, Ecolab Inc. (the "Company") has established the Ecolab Pension Plan (the "Pension Plan"), a qualified defined benefit pension plan; and

WHEREAS, Sections 401(a)(17) and 415 of the Code place certain limitations on the amount of benefits that would otherwise be made available under the Pension Plan for certain participants; and

WHEREAS, the Company previously established the Ecolab Mirror Pension Plan (the "Plan") to provide the benefits which would otherwise have been payable to such participants under the Pension Plan except for such limitations, in consideration of services performed and to be performed by such participants for the Company and certain related corporations; and

WHEREAS, the American Jobs Creation Act of 2004, PX. 108-357 (the "AJCA") added a new Section 409A to the Code, which significantly changed the Federal tax law applicable to "amounts deferred" under the Plan after December 31, 2004; and

WHEREAS, before the issuance by the U.S. Treasury and the Internal Revenue Service (the "IRS") of interpretive guidance with respect to Code Section 409A, the Company amended the Plan to temporarily freeze the accrual of Mirror Pension Benefits hereunder as of December 31, 2004; and

WHEREAS, the IRS and U.S. Treasury subsequently issued regulations and other guidance regarding the requirements of and compliance with Code Section 409A; and

WHEREAS, the Board of Directors of the Company directed and authorized appropriate officers of the Company to amend the Plan to (a) reinstate the accrual of Mirror Pension Benefits, effective retroactively as of January 1, 2005 and (b) comply, with respect to the Non-Grandfathered Mirror Pension Benefits thereunder, with the requirements of Code Section 409 and guidance issued thereunder; and

WHEREAS, the Plan was amended and restated in its entirety, effective as of January 1, 2005; and

WHEREAS, the Board of Directors of the Company authorized the appropriate officers of the Company to amend the Plan (i) to use the lump sum actuarial factors to determine the annual installment payment amount (including an increase in installment payments that were commenced prior to January 1, 2011), and (ii) to include an actuarial increase in the non-grandfathered portion of any Standard Mirror Pension Benefit payments that are required to be deferred as a result of the five (5) year redeferral rule to a date that is after the later of termination of employment or age 62.

NOW, THEREFORE, pursuant to Section 1.3 of the Plan and Section 5.1 of the Ecolab Inc. Administrative Document for Non-Qualified Benefit Plans, the Company hereby amends and restates the Plan in its entirety, effective as of December 31, 2010, to read as follows:

ARTICLE I
PREFACE

Section 1.1 Effective Date.

(1) The effective date of this amended and restated Plan is December 31, 2010.

(2) The benefit, if any, payable with respect to a former Executive who Retired or died prior to January 1, 2005 (and who is not rehired by a member of the Controlled Group thereafter) shall be determined by, and paid in accordance with, the terms and provisions of the Plan as in effect prior to January 1, 2005, subject to Section 1.4 and 3.2(2)(c). Notwithstanding any provision of the Plan to the contrary, an Executive's Mirror Pension Benefit (which was temporarily frozen from December 31, 2004 through December 31, 2008) shall be retroactively adjusted on January 1, 2009 to reflect the benefit that would have been accrued by the Executive under the Plan, in accordance with Section 3.1, during the period commencing on January 1, 2005 and ending on the earlier of December 31, 2008 or the date on which the Executive terminates his services with all Employers as an employee.

Section 1.2 Purpose of the Plan. The purpose of this Plan is to provide additional retirement benefits for certain management and highly compensated employees of the Company who perform management and professional functions for the Company and certain related entities.

Section 1.3 Administrative Document. This Plan includes the Ecolab Inc. Administrative Document for Non-Qualified Benefit Plans (the "Administrative Document"), which is incorporated herein by reference.

Section 1.4 American Jobs Creation Act of 2004 (AJCA).

(1) To the extent applicable, it is intended that the Plan (including all Amendments thereto) comply with the provisions of Code Section 409A, as enacted by the American Jobs Creation Act of 2004, P.L. 108-357 (the "AJCA"), so as to prevent the inclusion in gross income of any amount of Mirror Pension Benefit accrued hereunder in a taxable year that is prior to the taxable year or years in which such amounts would otherwise be actually distributed or made available to the Executives. The Plan shall be administered in a manner that will comply with Code Section 409A, including regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto (collectively with the AJCA, the "409A Guidance"). All Plan provisions shall be interpreted in a manner consistent with the 409A Guidance.

(2) The Administrator shall not take any action hereunder that would violate any provision of Code Section 409A. The Administrator is authorized to adopt rules or regulations deemed necessary or appropriate in connection with the 409A Guidance to anticipate and/or comply with the requirements thereof (including any transition or grandfather rules thereunder).

(3) Notwithstanding any provision of the Plan, any Grandfathered Mirror Pension Benefits (including any Mirror Pre-Retirement Pension Benefits attributable thereto) shall continue to be governed by the law applicable to nonqualified deferred compensation prior to the addition of Section 409A to the Code and shall be subject to the terms and conditions specified in the Plan as in effect prior to January 1, 2005, except as otherwise provided herein. Notwithstanding any provision of the Plan to the contrary, neither the Company nor the Administrator guarantee to any Executive or Death Beneficiary any specific tax consequences of participation in or entitlement to or receipt of benefits from, the Plan, and each Executive or the Executive's Death Beneficiary shall be solely responsible for payment of any taxes or penalties incurred in connection with his participation in the Plan.

ARTICLE II
DEFINITIONS

Words and phrases used herein with initial capital letters which are defined in the Administrative Document or the Pension Plan are used herein as so defined, unless otherwise specifically defined herein or the context clearly indicates otherwise. The following words and phrases when used in this Plan with initial capital letters shall have the following respective meanings, unless the context clearly indicates otherwise:

Section 2.1 " Actuarial Equivalent " or " Actuarially Equivalent ." A benefit is the "Actuarial Equivalent" of another benefit if, on the basis of Actuarial Factors, the present values of such benefits are equal.

Section 2.2 " Actuarial Factors " shall mean the actuarial assumptions set forth in Exhibit A which is attached to and forms a part of this Plan.

Section 2.3 " Code Limitations " shall mean the limitations imposed by Code Sections 401(a)(17) and 415, or any successor (s) thereto, on the amount of the benefits which may be payable to or with respect to an Executive from the Pension Plan.

Section 2.4 " Death Beneficiary " shall mean the beneficiary designated under this Plan and the SERP. The designation of a Death Beneficiary may be made, and may be revoked or changed only by an instrument (in form prescribed by Administrator) signed by the Executive and delivered to the Administrator during the Executive's lifetime. If the Executive is married on the date of his death and has been married to such spouse throughout the one-year period ending on the date of his death, his designation of a Death Beneficiary other than, or in addition to, his spouse under the Plan shall not be effective unless such spouse has consented in writing to such designation. Any Mirror Pension Benefits remaining to be paid after the death of a Death Beneficiary (or a contingent Death Beneficiary, to the extent designated by the Executive) shall be paid to the Death Beneficiary's estate. If no Death Beneficiary is designated by the Executive or all designated Death Beneficiaries predecease the Executive, the Executive's Death Beneficiary shall be his spouse, and if there is no surviving spouse, then the Executive's estate. The most recent Death Beneficiary designation on file with the Administrator will be given effect, and in the event of conflicting forms files simultaneously under this Plan and the SERP, the Death Beneficiary designation under the SERP will govern.

Section 2.5 " Disability " shall mean any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Executive to be unable to perform the duties of his position of employment or any substantially similar position of employment.

Section 2.6 " Executive " shall mean an Employee of an Employer (1) whose Annual Compensation from the Employers for the preceding Plan Year exceeds the dollar limitation described in Code Section 401(a)(17), (2) who is a Participant in the Pension Plan, and (3) who is selected by the Administrator to participate in the Plan. Once an Employee has satisfied the requirements of an Executive and commenced participation in the Plan, his participation may continue, notwithstanding the fact that his Annual Compensation is reduced below the limitation described in Code Section 401(a)(17), until the Administrator determines, in his sole discretion, that the Employee would fail to satisfy the requirements of a "management or highly compensated employee" under ERISA.

Section 2.7 " Grandfathered Mirror Pension Benefit " shall mean the portion of an Executive's Mirror Pension Benefit that is deemed to have been deferred (within the meaning of the 409A Guidance)

under the Plan before January 1, 2005 and that is equal to the present value as of December 31, 2004 of the vested Mirror Pension Benefit to which the Executive would be entitled under the Plan, as in effect on October 3, 2004, if the Executive voluntarily terminated employment with the Controlled Group without cause on December 31, 2004, and received a payment, on the earliest possible date allowed under the Plan, of his Mirror Pension Benefit in the form with the maximum value (increased in subsequent years to equal the present value of the benefit the Executive actually becomes entitled to receive, in the form and at the time actually paid, determined under the terms of the Plan as in effect on October 3, 2004, without regard to any services rendered or Compensation increases applicable after December 31, 2004).

Section 2.8 " Mirror Savings Plan " shall mean the Ecolab Mirror Savings Plan, as such plan may be amended from time to time.

Section 2.9 " Mirror Pension Benefit " shall mean the retirement benefit determined under Article III.

Section 2.10 " Mirror Pre-Retirement Pension Benefit " shall mean the pre-retirement benefit determined under Article IV.

Section 2.11 " Non-Grandfathered Mirror Pension Benefit " shall mean any Mirror Pension Benefit that is not a Grandfathered Mirror Pension Benefit.

Section 2.12 " Plan " shall mean this Ecolab Mirror Pension Plan, as it may be amended from time to time.

Section 2.13 " Separation from Service " or to " Separate from Service " shall mean any termination of employment with the Controlled Group due to retirement, death, disability or other reason; provided, however, that no Separation from Service is deemed to occur while the Executive (1) is on military leave, sick leave, or other bona fide leave of absence that does not exceed six (6) months (or, in the case of Disability, twelve (12) months), or if longer, the period during which the Executive's right to reemployment with the Controlled Group is provided either by statute or by contract, or (2) continues to perform services for the Controlled Group at an annual rate of fifty percent (50%) or more of the average level of services performed over the immediately preceding 36-month period (or the full period in which the Executive provided services (whether as an employee or as an independent contractor) if the Executive has been providing services for less than 36 months). With respect to the terms of the Plan affecting Non-Grandfathered Mirror Pension Benefits, any reference to "termination of employment" in the Plan shall mean Separation from Service as defined in this Section. Whether an Executive has incurred a Separation from Service shall be determined in accordance with the 409A Guidance.

Section 2.14 " SERP " shall mean the Ecolab Supplemental Executive Retirement Plan, as in effect from time to time.

Section 2.15 " SERP Benefit " shall mean an Executive's benefit accrued under the SERP.

Section 2.16 " Specified Employee " shall mean "Specified Employee" as defined in the Administrative Document.

ARTICLE III
MIRROR PENSION BENEFITS

Section 3.1 Amount of Mirror Pension Benefits .

(1) In General . Each Executive whose benefits under the Pension Plan payable on or after the Effective Date are reduced due to the Code Limitations shall be entitled to a Mirror Pension Benefit, which shall be determined as hereinafter provided.

(2) Standard Mirror Pension Benefits . The Standard Mirror Pension Benefit shall be a monthly retirement benefit calculated using the final average pay benefit formula specified in Article 4 of the Pension Plan equal to the difference between (a) and (b), where:

(a) = the amount of the monthly benefit payable to the Executive under the Pension Plan calculated on a single life annuity basis commencing at age 65, determined under the Pension Plan as in effect on the date of the Executive's termination of employment with the Controlled Group but calculated as if (i) the Pension Plan did not contain the Code Limitations, and (ii) the definition of Annual Compensation under the Pension Plan included the Executive's deferrals under the Mirror Savings Plan or its predecessor plan; and

(b) = the amount of the monthly benefit which would be payable to the Executive under the Pension Plan calculated on a single life annuity basis commencing at age 65, determined under the Pension Plan as in effect on the date of the Executive's termination of employment with the Controlled Group.

As a consequence of the freezing of benefit accruals under Section 4 of the Pension Plan as of December 31, 2020, the formula in this Section 3.1(2) will be applied by determining an Executive's Annual Compensation and the monthly benefit under Section 4 of the Pension Plan as of December 31, 2020 (or, if earlier, as of the date of the Executive's termination of employment with the Controlled Group).

(3) Cash Balance Mirror Pension Benefits . The Administrator shall establish an "Excess Retirement Account" for each Executive who is accruing benefits under the cash balance formula described in Article 6 of the Pension Plan. As of the end of each calendar year (or at such other time as a Contribution Credit is made to the Executive's Retirement Account under the Pension Plan), the Administrator shall credit each Executive's Excess Retirement Account under this Plan with an amount equal to the difference between (a) and (b) where:

(a) = the amount that would have been credited to the Executive's Retirement Account under the Pension Plan if (i) the Pension Plan did not contain the Code Limitations, and (ii) the definition of Annual Compensation under the Pension Plan included the Executive's deferrals under the Mirror Savings Plan; and

(b) = the amount which is actually credited to the Executive's Retirement Account under the Pension Plan.

The Administrator shall also credit each Executive's Excess Retirement Account with Interest Credits in accordance with the rules specified in the Pension Plan.

As a consequence of the amendment of the accrual of benefits under Article 6 of the Pension Plan as of December 31, 2020, benefits under this Section 3.1(3) will accrue at the reduced 3% crediting rate for Annual Compensation paid after December 31, 2020.

(4) Notwithstanding anything in this Section 3.1 to the contrary, in no event, will any Executive's Mirror Pension Benefit be less than such Executive's Grandfathered Mirror Pension Benefit.

Section 3.2 Time of Payment .

(1) Grandfathered Mirror Pension Benefit . The portion of an Executive's vested Mirror Pension Benefit that is a Grandfathered Mirror Pension Benefit shall be paid or commence to be paid at the same time and under the same conditions as the benefits payable to the Executive under the Pension Plan. Notwithstanding the foregoing, if payment at such time is prevented due to reasons outside of the Administrator's control, the vested Mirror Pension Benefits shall commence as soon as practicable after the benefits commence under the Pension Plan, and the first payment hereunder shall include any Mirror Pension Benefits not paid as a result of the delay in payment.

(2) Non-Grandfathered Mirror Pension Benefit . The provisions of this Section 3.2(2) shall apply solely with respect to the portion of any Executive's vested Mirror Pension Benefit that is a Non-Grandfathered Mirror Pension Benefit.

(a) Standard Mirror Pension Benefits . The Executive's Standard Mirror Pension Benefit shall be paid or commence to be paid on the first day of the third month following the month in which occurs the later of the date on which the Executive (i) attains age 55 or (ii) Separates from Service, subject to Sections 3.2(2)(d), 3.3(2)(d) and 3.3(2)(c) (as applicable). The amount of any such Standard Mirror Pension Benefit paid before the Executive's attainment of age 62 shall be actuarially reduced using the Actuarial Factors, as in effect on the date of the Executive's Separation from Service.

(b) Cash Balance Mirror Pension Benefit . The Executive's Cash Balance Mirror Pension Benefit shall be paid or commence to be paid on the first day of the third month following the month in which Executive Separates from Service, subject to Sections 3.2(2)(d) and 3.3(2)(d) (as applicable).

(c) Certain Transition Distributions to Terminated Executives . Notwithstanding Section 3.2(2)(a) and 3.2(2)(b) and subject to Section 3.2(2)(d),

(i) An Executive who Separated from Service after December 31, 2004 and before December 31, 2008 and has commenced payments of his Grandfathered Mirror Pension Benefits at any time before December 31, 2008, shall receive his Non-Grandfathered Mirror Pension Benefit, for which the Executive's Mirror Pension Benefit is retroactively adjusted pursuant to Section 1.1 on January 1, 2009, in the same form and at the same time as the Executive's Grandfathered benefit, in the same form and at the same time as the Executive's Grandfathered benefit, subject to Section 3.2(2)(d). Notwithstanding the foregoing, an Executive's Cash Balance Benefit shall be paid on March 1, 2009, subject to Section 3.2(2)(d).

(ii) An Executive who Separated from Service after December 31, 2004 and before December 31, 2008 and has not before December 31, 2008 commenced payments of his Grandfathered Mirror Pension Benefits shall receive his Non-

Grandfathered Mirror Pension Benefits, for which the Executive's Mirror Pension Benefit is retroactively adjusted pursuant to Section 1.1 on January 1, 2009, as follows, subject to Section 3.2(2)(d):

(A) The Executive's Standard Mirror Pension Benefit shall be paid to the Executive in a single lump sum amount on the later of March 1, 2009 or the date on which the Executive attains age 55.

(B) The Executive's Non-Grandfathered Cash Balance Mirror Pension Benefit credited to the Executive's Excess Retirement Account under the Plan shall be paid in a single lump sum amount on March 1, 2009.

(d) Payment Delay for Specified Employees . Notwithstanding any provision of the Plan, payments to a Specified Employee shall be made or commence on the latest of (i) the date specified in Section 3.2(2)(a), (b) or (c), (ii) the date specified in Section 3.3(2)(d)(i), if the Executive made an election pursuant to such section, or (iii) the date that is six (6) months after the Specified Employee's Separation From Service; provided, however, that if the Executive dies before the date specified in (i), (ii) or (iii), the Executive's benefit shall be paid or commence on the date specified in Section 4.2. The first payment made to the Specified Employee following the 6-month delay shall include any Mirror Pension Benefit payments that were not made as a result of the delay in payment pursuant to this paragraph (d), with interest at an annual rate of five percent (5%). Notwithstanding the foregoing, this paragraph (d) shall not apply to any Executive if on the date of his Separation from Service, the stock of the Company and Controlled Group members is not publicly traded on an established securities market (within the meaning of the 409A Guidance).

(e) Delay of Payments Subject to Code Section 162(m) . The Company may delay the distribution of any amount otherwise required to be distributed under the Plan if, and to the extent that, the Company reasonably anticipates that the Company's deduction with respect to such distribution otherwise would be limited or eliminated by application of Code Section 162(m). In such event, (i) if any payment is delayed during any year on account of Code Section 162(m), then all payments that could be delayed on account of Code Section 162(m) during such year must also be delayed; (ii) such delayed payments must be paid either (A) in the first year in which the Company reasonably anticipates the payment to be deductible, or (B) the period beginning on the date of the Executive's Separation From Service and ending on the later of the end of the Executive's year of separation or the fifteenth (15th) day of the third month after such separation; and (iii) if payment is delayed to the date of Separation from Service with respect to an Executive who is a Specified Employee, such payment shall commence after such Executive's Separation from Service on the date immediately following the six-month anniversary of the Separation from Service, or if earlier, on the date of the Executive's death.

(f) Actuarial Adjustment for Delay on Account of Election Under Section 3.3(2)(d)(i) . If an Executive's election under Section 3.3(2)(d)(i) delays the commencement of the Executive's Standard Mirror Pension Benefit portion of his or her Non-Grandfathered Mirror Pension beyond the later of the Executive's Separation from Service or the date on which the Executive attains age 62, then such benefit will be actuarially increased using the Actuarial Factors for lump sum calculations, as in effect on the date the benefit payments were originally scheduled to be paid or commenced to be paid, provided, however, in no event will the interest rate exceed seven and one-half percent (7½%).

Section 3.3 Form of Payment of Mirror Pension Benefits .

(1) Grandfathered Mirror Pension Benefit . The provisions of this Section 3.3(1) shall apply solely with respect to the portion of an Executive's vested Standard Mirror Pension Benefit that is a Grandfathered Mirror Pension Benefit.

(a) In General . The Standard Mirror Pension Benefit calculated in accordance with Section 3.1(2) shall be payable in the same form and for the same duration as the benefits payable to the Executive under the Pension Plan; provided, however, that if the form of payment of the Standard Mirror Pension Benefit selected by the Executive is not a single life annuity commencing at age 65, the amount of such Benefit shall be adjusted to an amount which results in a Benefit payable which is the Actuarial Equivalent of a single life annuity commencing at age 65. An election by an Executive of a form of payment under the Pension Plan shall be deemed to be an election by such Executive of the form of his Standard Mirror Pension Benefit. In the absence of an election by the Executive of the form of his Standard Mirror Pension Benefit under the Pension Plan, the form of Standard Mirror Pension Benefit for an unmarried Executive shall be a single life annuity commencing at age 65, and for a married Executive shall be a joint and 50% survivor benefit which is the Actuarial Equivalent of such single life annuity.

(b) Lump Sum Election .

(i) Notwithstanding the foregoing, an Executive may elect to receive the Standard Mirror Pension Benefit or to have his Death Beneficiary receive a Standard Mirror Pre-Retirement Pension Benefit in the form of a single lump sum payment by filing a notice in writing on a form provided by the Administrator, signed by the Executive and filed with the Administrator prior to the Executive's termination of employment with the Controlled Group because of involuntary termination, death or Disability, or at least one (1) year prior to the Executive's voluntary retirement or termination of employment. Any such election may be changed at any time and from time to time without the consent of any existing Death Beneficiary or any other person other than, if applicable, his spouse, by filing a later signed written election with the Administrator; provided that any election made less than one (1) year prior to the Executive's voluntary retirement or termination of employment shall not be valid. An Executive's election of a lump sum payment under this Subsection shall be controlling with respect to any payment of Standard Mirror Pre-Retirement Pension Benefits to his Death Beneficiary. Notwithstanding the foregoing, an Executive shall be permitted to make an election to receive his Standard Mirror Pension Benefit in the form of a lump sum payment within the one (1) year period prior to his voluntary termination if (and only if) the amount of the Standard Mirror Pension Benefit payable to the Executive is reduced by ten percent (10%).

(ii) The lump sum payment described in paragraph (b)(i) of this Subsection shall be calculated (A) by converting the Executive's Standard Mirror Pension Benefit (calculated in accordance with the provisions of Section 3.1(2)) at the time of the commencement of such Benefit into a lump sum amount of equivalent actuarial value when computed using the Actuarial Factors for this purpose, and then applying the ten percent (10%) reduction, if applicable, or (B) by converting the Death Beneficiary's Standard Mirror Pre-Retirement Pension Benefit (calculated in accordance with the provisions of Section 4.2(1))

at the time of the commencement of such Benefit into a lump sum amount of equivalent actuarial value when computed using the Actuarial Factors for this purpose, and then applying the ten percent (10%) reduction, if applicable.

(iii) Notwithstanding any provision of this Plan to the contrary, in the event the equivalent actuarial value of the Executive's Standard Mirror Pension Benefit, when computed using the Actuarial Factors specified in Exhibit A for this purpose, does not exceed $25,000, such Benefit shall be paid in the form of a single lump sum payment.

(c) Cash Balance Mirror Pension Benefits . Notwithstanding any provision of the Plan to the contrary, a Cash Balance Mirror Pension Benefit calculated in accordance with Section 3.1(3) shall automatically be paid to the Executive in the form of a single lump sum payment in an amount equal to the balance in the Executive's Excess Retirement Account as the date the payment is processed.

(2) Non-Grandfathered Mirror Pension Benefits . The provisions of this Section 3.3(2) shall apply solely with respect to the portion of an Executive's vested Mirror Pension Benefit that is a Non-Grandfathered Mirror Pension Benefit.

(a) Normal Form of Payment . Unless an Executive makes an election pursuant to Section 3.3(2)(b) or (e), the Executive's Non-Grandfathered Mirror Pension Benefit will be paid to the Executive in the form of annual installment payments payable over a period of ten (10) years, the amount of which is Actuarially Equivalent to the Mirror Pension Benefit calculated under Section 3.1.

(b) Optional Forms of Payment . In lieu of the normal form of payment, an Executive may make or change an election to receive his Non-Grandfathered Mirror Pension Benefit in one of the following Actuarially Equivalent optional forms of benefit:

(i) A single life annuity payable monthly to the Executive during the Executive's life and ending on the date of the Executive's death.

(ii) A reduced joint and survivor annuity payable monthly to the Executive during the Executive's life, and after the Executive's death, payable monthly to the Executive's spouse who survives the Executive in the amount equal to 50%, 75% or 100% (as the Executive elects) of such reduced lifetime monthly amount.

(iii) A reduced life and period certain annuity payable monthly to the Executive during the Executive's life, with payment thereof guaranteed to be made for a period of five (5) or ten (10) years, as elected by the Executive, and, in the event of the Executive's death before the end of such 5- or 10- year period, payable in the same reduced amount for the remainder of such 5- or 10- year period, to the Death Beneficiary designated by the Executive.

(iv) Annual installment payments payable to the Executive over a period of five (5) or ten (10) years, as elected by the Executive.

(v) A single lump sum payment.

(c) Mandatory Lump Sum. Notwithstanding any provision of the Plan to the contrary, in the event that the present value of the Executive's Non-Grandfathered Mirror Pension Benefit does not exceed $25,000 at the time of distribution, such Non-Grandfathered Mirror Pension Benefit shall be paid in the form of a single lump sum payment on the date of the Executive's Separation from Service (or, if necessary for administrative reasons, within the period after such Separation from Service that ends on the earlier of (i) 90 days or (ii) the first day of the third month following the month in which occurs the date of the Executive's Separation from Service), subject to Section 3.2(2)(d).

(d) Election of Optional Form of Payment. An election of an optional form of payment must be in writing (on a form provided by the Administrator) and must satisfy the following requirements:

(i) If an Executive wishes to elect an optional form of payment under Section 3.3(2)(b) above (other than the normal form of payment) or, after December 31, 2008, wishes to change his election made under Section 3.3(2)(e) (other than an election change described in Section 3.3(2)(d)(ii)), the election must be filed with the Administrator at least twelve (12) months before the Executive's Separation from Service. The most recent election on file with the Administrator (that was filed at least twelve (12) months before the Executive's Separation from Service and that remains on file with the Administrator as of the date of Separation from Service) shall be given effect and become irrevocable on the date of the Executive's Separation from Service. No election filed less than twelve (12) months before the Executive's Separation from Service shall have any force or effect, except as provided in Section 3.3(2)(d)(ii). The payment pursuant to an election made under this Section 3.3(2)(d)(i) shall be made or commence on the first day of the month coincident with or immediately following the fifth anniversary of the original commencement date specified in Section 3.2(2)(a) or (b) (as applicable).

(ii) An Executive who elected, pursuant to Section 3.3(2)(d)(i) or 3.3(2)(e), a life annuity form of payment (within the meaning of the 409A Guidance) described in Section 3.3(2)(b)(i), (ii) or (iii), may, at any time before the date of Separation from Service, change that annuity form of payment to an Actuarially Equivalent life annuity form of payment, provided the commencement date for such annuity, as specified in, respectively, Section 3.3(2)(d)(i) or Section 3.3(2)(e), remains unchanged.

(e) Transition Elections. Notwithstanding any provision of the Plan, any Executive who is an active employee of the Company or a member of the Controlled Group during the election period designated by the Administrator, ending no later than December 31, 2008, may make an election to receive his Non-Grandfathered Mirror Pension Benefit in one of the optional forms specified in Section 3.3(2)(b), commencing on the date specified in Section 3.2(2)(a) or (b) (as applicable); provided, however, that such election shall not apply if the Executive Separates from Service on or before December 31, 2008 and is subject to the provision of Section 3.2(2)(c). The transition election must be made in writing, on a form provided by the Administrator and filed with the Administrator within the designated transition election period. The transition election made pursuant to this paragraph (e) may not cause any amount to be paid in 2008 if not otherwise payable and may not delay payment of any amount that is otherwise payable in 2008.

(f) Coordination of Payment Elections with SERP. If an Executive is also a participant in the SERP, the Executive's Non-Grandfathered Mirror Pension Benefit and the Non-Grandfathered SERP Benefit will be paid in the same form and at the same time. If an Executive makes an election of an optional payment form pursuant to Section 3.3(2)(b) of the Plan or Section 3.4(2)(b) of the SERP, the most recent election filed with the Administrator under either this Plan or the SERP at least twelve (12) months before the Separation from Service (or, if applicable, at a date specified in paragraph (d)(ii) of this Subsection) that remains on file with the Administrator on the date of Separation from Service will govern the form and time of payment under the Plan. In the event of conflicting election forms filed simultaneously under this Plan and the SERP, the election filed under the SERP shall govern.

Section 3.4 Death after Commencement of Non-Grandfathered Mirror Pension Benefits. If an Executive dies after commencing payment of his Non-Grandfathered Mirror Pension Benefits under the Plan but before his entire Non-Grandfathered Mirror Pension Benefit is distributed, payments to the Executive's Death Beneficiary (if any) will be made (a) in accordance with the elected optional form of payment described in Section 3.3(2)(b)(ii) or (iii) (if elected), or (b) ninety (90) days after the Executive's death in the form of a single lump sum, calculated using the Actuarial Factors in effect on the date of distribution, if the Executive elected one of the optional forms of payment described in Section 3.3(2)(b)(iv).

Section 3.5 Adjustment to Annual Installment Payments Commencing Prior to January 1, 2011. If payment of an Executive's Non-Grandfathered Mirror Pension Benefit commenced after January 1, 2005 but prior to January 1, 2011 in the form of annual installment payments over a period of five (5) or ten (10) years, then

(1) The Executive's annual installment payments will be recalculated as of the original payment commencement date using the Plan's Actuarial Factors for lump sum calculations and any increase in the amount of each such installment will be paid as follows:

(a) The increase in the annual installments that were payable prior to January 1, 2011 will be paid in a single lump sum amount in the calendar quarter beginning January 1, 2011 and ending March 31, 2011; and

(b) Each annual installment due on or after January 1, 2011 will be adjusted to include the increase resulting from the recalculation.

ARTICLE IV
MIRROR PRE-RETIREMENT PENSION BENEFIT

Section 4.1 Eligibility.

(1) Grandfathered Mirror Pre-Retirement Pension Benefits. The Death Beneficiary of an Executive who dies after attaining eligibility for a pre-retirement death benefit under the Pension Plan, but prior to commencing to receive Mirror Pension Benefits hereunder shall be entitled to receive the Mirror Pre-Retirement Pension Benefits described in Section 4.2(1) in lieu of any other benefits described in the Plan.

(2) Non-Grandfathered Mirror Pre-Retirement Pension Benefits. The Death Beneficiary of an Executive who dies after becoming vested in his Mirror Pension Benefit but prior to commencing to receive Mirror Pension Benefits hereunder shall be entitled to receive the Mirror Pre-

Retirement Pension Benefits described in Section 4.2(2) in lieu of any other benefits described in the Plan.

Section 4.2 Amount, Form and Timing of Mirror Pre-Retirement Pension Benefits .

(1) Grandfathered Mirror Pension Benefits . A Death Beneficiary who is eligible for a Mirror Pre-Retirement Pension Benefit hereunder shall receive the portion of such Mirror Pre-Retirement Pension Benefit that is based on the Executive's Grandfathered Mirror Pension Benefit in accordance with this Subsection (1).

(a) Cash Balance Mirror Pre-Retirement Pension Benefits . A Death Beneficiary who is eligible for a Cash Balance Mirror Pre-Retirement Pension Benefit shall receive a Cash Balance Mirror Pre-Retirement Pension Benefit, payable at the same time as the pre-retirement death benefits and (if applicable) the optional death benefits described in the Pension Plan, as determined by the Administrator. The Cash Balance Mirror Pre-Retirement Pension Benefit shall automatically be paid in the form of a lump sum payment in an amount equal to the balance in the Executive's Excess Retirement Account on the date the payment is processed.

(b) Standard Mirror Pre-Retirement Pension Benefits . A Death Beneficiary who is eligible for a Standard Mirror Pre-Retirement Pension Benefit shall receive a Standard Mirror Pre-Retirement Pension Benefit based on the Executive's Standard Mirror Pension Benefit hereunder. The Standard Mirror Pre-Retirement Pension Benefit shall be calculated in accordance with, and payable at the same time and (except as provided in Section 3.3(l)(b)) in the same manner as, the pre-retirement death benefits and (if applicable) the optional death benefits described in the Pension Plan, as determined by the Administrator.

(2) Non-Grandfathered Mirror Pre-Retirement Pension Benefits . A Death Beneficiary who is eligible for a Mirror Pre-Retirement Pension Benefit hereunder shall receive the portion of such Mirror Pre-Retirement Pension Benefit that is based on the Executive's vested Non-Grandfathered Mirror Pension Benefit as follows:

(a) Non-Grandfathered Cash Balance Mirror Pre-Retirement Pension Benefits . A Death Beneficiary who is eligible for a Non-Grandfathered Cash Balance Mirror Pre-Retirement Pension Benefit shall receive such benefit in the form of a lump sum payment in an amount equal to the portion of the balance in the Executive's Excess Retirement Account attributable to the Non-Grandfathered Mirror Pension Benefit on the date the payment is processed. The Non-Grandfathered Cash Balance Mirror Pre-Retirement Pension Benefit shall be paid ninety (90) days after the Executive's death.

(b) Non-Grandfathered Standard Mirror Pre-Retirement Pension Benefits .

(i) If an Executive (A) is not married on the date of his death, (B) has been married for less than one year prior to his death and designates a Death Beneficiary other than his spouse, or (C) has been married for at least one year prior to his death and the Executive's spouse consents to the Executive's designation of a Death Beneficiary other than the spouse, the Executive's Death Beneficiary shall receive his benefit in an amount Actuarially Equivalent to the survivor benefit determined as if the Executive had Separated From Service on the earlier of the date of his actual Separation from Service or the date of his death, elected to receive his Non-Grandfathered Mirror Pension Benefit in the form of a monthly life annuity with a) a five (5) year certain survivor benefit if

the Executive Separated from Service before attaining age 55, or b) a ten (10) year certain survivor benefit, if the Executive had attained age 55 while an Employee, had survived to age 55 and had died immediately following his payment commencement date. The Non-Grandfathered Standard Mirror Pre-Retirement Pension Benefit shall be paid in the form of an Actuarially Equivalent single lump sum payment on the first day of the third month after the later of the date on which the Executive would have attained age 55 or the date of the Executive's death.

(ii) If an Executive is married on the date of his death and paragraph (b)(i) does not apply to him, then, the Executive's surviving spouse shall receive the Non-Grandfathered Standard Mirror Pre-Retirement Pension Benefit as follows:

(A) If the Executive Separated from Service before attaining age 55, the Executive's spouse shall receive a reduced annuity payable monthly to the Executive's spouse during his life, commencing on the first day of the third month following the later of the date on which the Executive would have attained age 55 or the date of the Executive's death and ending on the date of the Executive's spouse's death, calculated as if the had Executive Separated from Service on the earlier of the date of the Executive's death or actual Separation from Service, elected a joint and 50% survivor annuity form of payment described in Section 3.3 (2)(b)(ii), survived to age 55 and died on the date following the payment commencement date.

(B) If the Executive had attained age 55 while an Employee, the Executive's spouse shall receive a reduced annuity payable monthly to the Executive's spouse during his life, commencing on the first day of the of the third month after the date of the Executive's death, calculated as if the Executive had died immediately after commencing payments in the form of an immediate joint and 100% survivor annuity form of payment described in Section 3,3(2)(b)(ii).

(C) Notwithstanding the foregoing, if the present value of the Non-Grandfathered Standard Mirror Pre-Retirement Pension Benefit under this paragraph (b)(ii) does not exceed $25,000, such benefit will be distributed to the Executive's Death Beneficiary in the form of an Actuarially Equivalent single lump sum on the first day of the third month following the later of the date on which the Executive would have attained age 55 or the date of the Executive's death.

ARTICLE V
VESTING

Section 5.1 Vesting.

(1) In General. Except as provided in Subsection (2) and (3) of this Section, an Executive or Death Beneficiary shall become vested in the Mirror Pension Plan Benefits in accordance with the vesting provisions of the Pension Plan.

(2) Forfeiture Provision.

(a) Notwithstanding the provisions of Subsection (3) hereof, but subject to the requirements of paragraph (b) of this Subsection, the Employers shall be relieved of any obligation to pay or provide any future Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits under this Plan and shall be entitled to recover amounts already distributed if, without the written consent of the Company, the Executive, whether before or after termination with the Controlled Group (i) participates in dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or a Controlled Group member, (ii) commits any unlawful or criminal activity of a serious nature, (iii) commits any intentional and deliberate breach of a duty or duties that, individually or in the aggregate, are material in relation to the Executive's overall duties or (iv) materially breaches any confidentiality or noncompete agreement entered into with the Company or a Controlled Group member. The Employers shall have the burden of proving that one of the foregoing events have occurred.

(b) Notwithstanding the foregoing, an Executive shall not forfeit any portion of his Mirror Pension Benefits or Mirror Pre-Retirement Pension Benefits under paragraph (a) of this Subsection unless (i) the Executive receives reasonable notice in writing setting forth the grounds for the forfeiture, (ii) if requested by the Executive, the Executive (and/or the Executive's counsel or other representative) is granted a hearing before the full Board of Directors of the Company (the "Board") and (iii) a majority of the members of the full Board determine that the Executive violated one or more of the provisions of paragraph (a) of this Subsection.

(3) Acceleration of Vesting. Notwithstanding the provisions of Subsection (1) hereof, the Mirror Pension Benefits of the Executives (a) who are employed by the Controlled Group on the date of a Change in Control or (b) whose employment with the Company was terminated prior to a Change in Control but the Executive reasonably demonstrates that the termination occurred at the request of a third party who has taken steps reasonably calculated to effect the Change in Control, shall become immediately 100% vested upon the occurrence of such Change in Control.

ARTICLE VI
AMENDMENT AND TERMINATION

Section 6.1 Effect of Amendment and Termination. Notwithstanding any provision of the Plan (including the Administrative Document) to the contrary, no amendment or termination of the Plan shall, without the consent of the Executive (or, in the case of his death, his Death Beneficiary), adversely affect the vested Mirror Pension Benefit or vested Mirror Pre-Retirement Pension Benefit under the Plan of any Executive or Death Beneficiary as such Benefit exists on the date of such amendment or termination; provided, however, that this limitation shall not apply to the extent deemed necessary by the Company to comply with the requirements of the 409A Guidance.

Section 6.2 Limitation on Payments and Benefits. Notwithstanding any provision of this Plan to the contrary, if any amount or benefit to be paid or provided under this Plan or any other plan or agreement between the Executive and a Controlled Group member would be an "Excess Parachute Payment," within the meaning of Code Section 280G, or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be paid or provided under this Plan shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided to the Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Code Section 4999, or any successor provision

thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). If requested by the Executive or the Company, the determination of whether any reduction in such payments or benefits to be provided under this Plan or otherwise is required pursuant to the preceding sentence shall be made by the Company's independent accountants, at the expense of the Company, and the determination of the Company's independent accountants shall be final and binding on all persons. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 6.2 shall not of itself limit or otherwise affect any other rights of the Executive pursuant to this Plan. The Executive's benefit will be reduced only to the extent that the reduction in any cash payments due to the Executive and in the Executive's SERP Benefits is insufficient to reduce or eliminate Excess Parachute Payment as described in this Section. The Executive's Non-Grandfathered Mirror Pension Benefit (if any) shall be reduced if required by this section before any Grandfathered Mirror Pension Benefit is reduced.

Section 6.3 Establishment of Trust Fund.

(1) In General. The Plan is intended to be an unfunded, non-qualified retirement plan. However, the Company may enter into a trust agreement with a trustee to establish a trust fund (the "Trust Fund") and to transfer assets thereto (or cause assets to be transferred thereto), subject to the claims of the creditors of the Employers, pursuant to which some or all of the Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits shall be paid. Payments from the Trust Fund shall discharge the Employers' obligation to make payments under the Plan to the extent that Trust Fund assets are used to satisfy such obligations.

(2) Upon a Change in Control.

(a) Within thirty (30) business days of the occurrence of a Change in Control, to the extent it has not already done so, the Company shall be required to establish an irrevocable Trust Fund for the purpose of paying Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits. Except as described in the following sentence, all contributions to the Trust Fund shall be irrevocable and the Company shall not have the right to direct the trustee to return to the Employers, or divert to others, any of the assets of the Trust Fund until after satisfaction of all liabilities to all of the Executives and their Death Beneficiaries under the Plan. Any assets deposited in the Trust Fund shall be subject to the claims of the creditors of the Employers and any excess assets remaining in the Trust Fund after satisfaction of all liabilities shall revert to the Company.

(b) In addition to the requirements described in paragraph (a) above, the Trust Fund which becomes effective on the Change in Control shall be subject to the following additional requirements:

(i) the Trustee of the Trust Fund shall be a third party corporate or institutional trustee;

(ii) the Trust Fund shall satisfy the requirements of a grantor trust under the Code; and

(iii) the Trust Fund shall automatically terminate (A) in the event that it is determined by a final decision of the United States Department of Labor (or, if an appeal is taken therefrom, by a court of competent jurisdiction) that by reason of the creation of, and a transfer of assets to, the Trust, the Trust is considered "funded" for purposes of Title I of ERISA or (B) in the event that it is determined

by a final decision of the Internal Revenue Service (or, if an appeal is taken therefrom, by a court of competent jurisdiction) that (I) a transfer of assets to the Trust is considered a transfer of property for purposes of Code Section 83 or any successor provision thereto, or (II) pursuant to Code Section 451 or 409A or any successor provision thereto, amounts are includable as compensation in the gross income of a Trust Fund beneficiary in a taxable year that is prior to the taxable year or years in which such amounts would otherwise be actually distributed or made available to such beneficiary by the trustee. Upon such termination of the Trust, all of the assets in the Trust Fund attributable to the accrued Mirror Pension Plan Benefits shall be immediately distributed to the Executives, but only to the extent and in the manner permitted by the 409A Guidance, and the remaining assets, if any, shall revert to the Company.

(c) Within five (5) days following establishment of the Trust Fund, the Company shall transfer (or cause the Employers to transfer) to the trustee of such Trust Fund an amount equal to the equivalent actuarial present value of the Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits which have been accrued as of the date of the Change in Control on behalf of all of the Executives under the Plan (using the Actuarial Factors specified in Exhibit A for this purpose).

(d) In January of each year following a funding of the Trust Fund pursuant to paragraph (c) above, the Company shall cause to be deposited in the Trust Fund such additional amount (if any) by which the aggregate equivalent actuarial present value (determined using the Actuarial Factors specified in Exhibit A) of the sum of the Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits for all Executives under the Plan as of December 31 of the preceding year exceeds the fair market value of the assets of the Trust Fund as of such date.

(e) Notwithstanding the foregoing, an Employer shall not be required to make any contributions to the Trust Fund if the Employer is insolvent at the time such contribution is required.

(f) The Administrator shall notify the trustee of the amount of Mirror Pension Benefits and Mirror Pre-Retirement Pension Benefits to be paid to or on behalf of the Executive from the Trust Fund and shall assist the trustee in making distribution thereof in accordance with the terms of the Plan.

(g) Notwithstanding any provision of the Plan or the Administrative Document to the contrary, the provisions of this Section 6.3(2) hereof (i) may not be amended following a Change in Control and (ii) prior to a Change in Control may only be amended (A) with the written consent of each of the Executives or (B) if the effective date of such Amendment is at least two (2) years following the date the Executives were given written notice of the adoption of such amendment; provided, however, that this limitation shall not apply to any amendment that is deemed necessary or reasonable (as determined in the sole discretion of the Committee) to comply with the requirements of the 409A Guidance.

IN WITNESS WHEREOF, Ecolab Inc. has executed this Mirror Pension Plan and has caused its corporate seal to be affixed this 29 th day of December, 2010.

ECOLAB INC.

By: /s/Steven L. Fritze
Steven L. Fritze
Chief Financial Officer

(Seal)

Attest:

By: /s/James J. Seifert
James J. Seifert
General Counsel and Secretary

EXHIBIT A

ACTUARIAL ASSUMPTIONS
FOR STANDARD MIRROR PENSION BENEFITS
AND STANDARD MIRROR PRE-RETIREMENT PENSION BENEFITS

1. Interest Rate:	
A. For lump sum	The interest rate will be 125% of the 10-year Treasury rate for the month of October preceding the Plan Year (i.e., January 1) (1) in which the retirement or other termination of employment is effective if the Mirror Pension Benefit is to commence immediately following such retirement or termination of employment or (2) in which the distribution becomes payable if the payment is to be deferred.
B. Annual Installments	Same as for lump sum.
C. General Actuarial Equivalence	7.5% except as provided in item 4 below.
2. Mortality:	
A. For Lump Sum	Revenue Ruling 2001-62 prescribed table. (The basis is the 1994 unisex pension tables)
B. Annual Installments	Same as for lump sum.
C. General Actuarial Equivalence	1971 Group Annuity Table
3. Annuity Values Weighted:	
A. For Lump Sum	N/A
B. Annual Installments	N/A
C. General Actuarial Equivalence	75% male, 25% female
4. Early Commencement	The Mirror Pension Benefit shall be reduced by one two hundred eightieth (1/280th) for each month that the date of the commencement of payment precedes the date on which the Executive will attain age sixty-two (62). If the Executive's Ecolab Pension Plan benefit is affected by Section 415 of the Code, the Administrator shall make such further adjustments to the Mirror Pension Benefit as the Administrator, in his or her sole discretion, deems appropriate to ensure that the total early retirement benefit from the Ecolab Pension Plan and the Ecolab Mirror Pension Plan equals the early retirement benefit the Executive would have been entitled to under the Ecolab Pension Plan without regard to the Code Limitations and non-qualified deferrals.

If payment is in the form of a single lump sum, the lump sum amount shall be based on the lump sum interest rate defined in item 1 above, the mortality assumptions specified in items 2 and 3 above, and the "early retirement benefit" immediate annuity amount as determined under this item 4.

ACTUARIAL ASSUMPTIONS
FOR CASH BALANCE MIRROR PENSION BENEFITS
AND CASH BALANCE MIRROR PRE-RETIREMENT PENSION BENEFITS

1. Interest Rate:

A. Convert Retirement Account into an Annuity	The applicable interest rate(s), within the meaning of Code section 417(e), as specified by the Commissioner of Internal Revenue for the second full calendar month preceding the first day of the Plan Year during which the distribution is made. (Used to determine an actuarially equivalent amount payable immediately as a single-life annuity benefit.)
B. Convert Retirement Account into Annual Installments	The interest rate will be 125% of the 10-year Treasury rate for the month of October preceding the Plan Year (i.e., January 1) (1) in which the retirement or other termination of employment is effective if the Mirror Pension Benefit is to commence immediately following such retirement or termination of employment or (2) in which the distribution becomes payable if the payment is to be deferred.
C. General Actuarial Equivalence	7.5%.

2. Mortality:

A. Convert Retirement Account into an Annuity	The applicable mortality table, within the meaning of Code section 417(e), in effect as of the date of distribution as prescribed by the Commissioner of Internal Revenue (described in section 807(d)(5)(A) of the Internal Revenue Code). (Used to determine an actuarially equivalent amount payable immediately as a single-life annuity benefit.)
B. Convert Retirement Account into Annual Installments	N/A
C. General Actuarial Equivalence	Revenue Ruling 2001-62 prescribed table. (The basis is the 1994 unisex pension tables.)

TABLE OF CONTENTS

		Page
ARTICLE I PREFACE		2
Section 1.1	Effective Date	2
Section 1.2	Purpose of the Plan	2
Section 1.3	Administrative Document	2
Section 1.4	American Jobs Creation Act of 2004 (AJCA)	2
ARTICLE II DEFINITIONS		3
Section 2.1	“Actuarial Equivalent” or “Actuarially Equivalent.”	3
Section 2.2	“Actuarial Factors”	3
Section 2.3	“Code Limitations”	3
Section 2.4	“Death Beneficiary”	3
Section 2.5	“Disability”	3
Section 2.6	“Executive”	3
Section 2.7	“Grandfathered Mirror Pension Benefit”	3
Section 2.8	“Mirror Savings Plan”	4
Section 2.9	“Mirror Pension Benefit”	4
Section 2.10	“Mirror Pre-Retirement Pension Benefit”	4
Section 2.11	“Non-Grandfathered Mirror Pension Benefit”	4
Section 2.12	“Plan”	4
Section 2.13	“Separation from Service” or to “Separate from Service”	4
Section 2.14	“SERP”	4
Section 2.15	“SERP Benefit”	4
Section 2.16	“Specified Employee”	4
ARTICLE III MIRROR PENSION BENEFITS		5
Section 3.1	Amount of Mirror Pension Benefits	5
Section 3.2	Time of Payment	6
Section 3.3	Form of Payment of Mirror Pension Benefits	8
Section 3.4	Death after Commencement of Non-Grandfathered Mirror Pension Benefits	11
Section 3.5	Adjustment to Annual Installment Payments Commencing Prior to January 1, 2011	11
ARTICLE IV MIRROR PRE-RETIREMENT PENSION BENEFIT		11
Section 4.1	Eligibility	11

Section 4.2 Amount, Form and Timing of Mirror Pre-Retirement Pension Benefits 12

ARTICLE V VESTING 13

Section 5.1 Vesting 13

ARTICLE VI AMENDMENT AND TERMINATION 14

Section 6.1 Effect of Amendment and Termination 14

Section 6.2 Limitation on Payments and Benefits 14

Section 6.3 Establishment of Trust Fund 15

MANAGEMENT'S DISCUSSION & ANALYSIS

Executive Summary

The following management discussion and analysis ("MD&A") provides information that we believe is useful in understanding our operating results, cash flows and financial condition. This discussion contains various "Non-GAAP Financial Measures" and also contains various "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We refer readers to the information on Non-GAAP Financial Measures and Forward-Looking Statements and Risk Factors found on pages 19 and 20.

In 2010, we delivered double-digit earnings growth despite continued mixed conditions in our end markets. While global hospitality markets showed improving trends and food and beverage and healthcare were generally steady, foodservice markets in the U.S. and Europe remained soft. We continued to focus on driving our sales, working to expand our market shares in all markets and regions; invest in new product development that provide outstanding results and enable customers to save labor, water and energy; make smart investments to sustain our growth in the future; and employ strategic acquisitions to bolster the current business and to develop new areas of growth.

At the same time, we also worked aggressively to improve our profitability and enhance our returns on investment. Numerous projects were undertaken to improve process efficiency, simplify and enhance our product portfolio, globalize purchasing, and optimize our business structure. The most significant of these was the new business systems installation in Europe, which will bring us an unprecedented range of tools and capabilities to unlock excess operational and structural costs in Europe and substantially improve margins there. Through these focused actions, we once again delivered for our shareholders in 2010, while building opportunity for the future. Our performance underscored the strength and long term potential of our business, our people and our strategies.

Both 2010 and 2009 results of operations included special gains and charges, as well as discrete tax items which impact the year over year comparisons.

Sales: Reported consolidated net sales increased 3% to $6.1 billion in 2010 from $5.9 billion in 2009. Net sales were slightly impacted by favorable foreign currency exchange compared to the prior year.

Gross Margin: Our reported gross margin improved to 50.5% of sales for 2010 compared to 49.5% of sales in 2009. Our 2009 gross margin was negatively impacted by restructuring charges included in cost of sales of $12.6 million, which decreased our gross margin by 0.2 percentage points.

Operating Income: Reported operating income increased 18% to $807 million in 2010 compared to $681 million in 2009. Non-GAAP adjusted operating income, excluding the impact of special gains and charges, increased 7% in 2010. See the section entitled Non-GAAP Financial Measures on page 19 for further information on our Non-GAAP measures, and the Operating Income table on page 13.

Earnings Per Share: Reported diluted earnings per share increased 28% to $2.23 in 2010 compared to $1.74 for 2009. Special gains and charges and discrete tax items had no net impact on 2010 and negatively impacted 2009 by $0.25 per share due primarily to restructuring charges. Non-GAAP adjusted earnings per share, which exclude the impact of special gains and charges, and discrete tax items, increased 12% to $2.23 in 2010 compared to $1.99 in 2009.

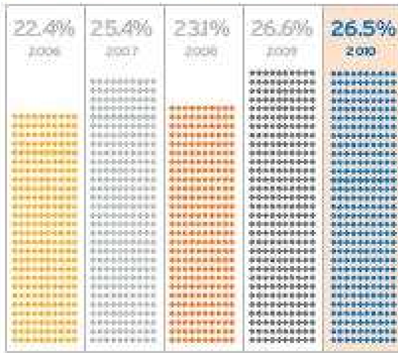
See the section entitled Non-GAAP Financial Measures on page 19 for further information on our Non-GAAP measures, and the Diluted Earnings Per Common Share (EPS) table on page 14.

Cash Flow: Cash flow from operating activities was $950 million in 2010. We continue to generate strong cash flow from operations, allowing us to make key investments in our business, pay down debt and provide returns to our shareholders through cash dividends and share repurchases.

Balance Sheet: Our balance sheet remained within the "A" categories of the major rating agencies during 2010 and exceeded our stated objective of having an investment grade balance sheet. Our strong balance sheet has allowed us to continue to have access to capital at attractive rates.

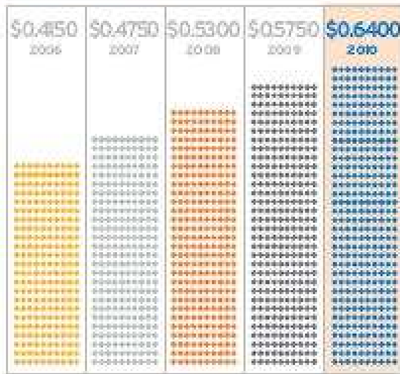
Return on Equity: Our return on beginning shareholders' equity (net income attributable to Ecolab divided by beginning shareholders' equity) for 2010 was 26.5%. This was the 19th consecutive year in which we achieved our long-term financial objective of at least 20% return on beginning shareholders' equity.

RETURN ON
BEGINNING EQUITY



Dividends: We increased our quarterly cash dividend 13% in December 2010 to an indicated annual rate of $0.70 per share for 2011. The increase represents our 19th consecutive annual dividend rate increase and the 74th consecutive year we have paid cash dividends. Our outstanding dividend record is a result of our excellent business model, and this year's increase reflects our solid balance sheet, our outlook for further growth and our commitment to improving shareholder returns.

DIVIDENDS DECLARED
PER SHARE



Europe Transformation: Following the recent implementation of new business systems in Europe, in February 2011, subsequent to our 2010 year end, we announced we have undertaken a comprehensive plan to substantially improve the efficiency and effectiveness of our Europe business, sharpen its competitiveness and accelerate its growth and profitability. As a part of this effort, we are developing plans for an accelerated restructure of our European operations in order to more quickly realize the benefits. We expect to incur a pretax restructuring charge of approximately $150 million ($125 million after tax) over the next three years, beginning in the first quarter of 2011, as the restructuring is rolled out. The restructuring and other cost savings actions are expected to result in annualized cost savings of approximately $120 million ($100 million after tax) when fully realized. See the section entitled Subsequent Events on page 19 for more details.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We have adopted various accounting policies to prepare the consolidated financial statements in accordance with U.S. GAAP. Our most significant accounting policies are disclosed in Note 2 of the Notes to the Consolidated Financial Statements.

Preparation of our consolidated financial statements, in conformity with U.S. GAAP, requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates are considered to be critical if they meet both of the following criteria: (1) the estimate requires assumptions to be made about matters that are highly uncertain at the time the accounting estimate is made, and (2) different estimates that the company reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, have a material impact on the presentation of the company's financial condition, changes in financial condition or results of operations.

Besides estimates that meet the "critical" estimate criteria, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingent assets and liabilities. Estimates are based on experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known, even from estimates not deemed critical. Our critical accounting estimates include the following:

Revenue Recognition

We recognize revenue on product sales at the time title to the product and risk of loss transfers to the customer. We recognize revenue on services as they are performed. Our sales policies do not provide for general rights of return. We record estimated reductions to revenue for customer programs and incentive offerings including pricing arrangements, promotions and other volume-based incentives at the time the sale is recorded. Depending on market conditions, we may increase customer incentive offerings, which could reduce gross profit margins at the time the incentive is offered.

Valuation Allowances and Accrued Liabilities

We estimate sales returns and allowances by analyzing historical returns and credits, and apply these trend rates to the most recent 12 months' sales data to calculate estimated reserves for future credits. We estimate the allowance for doubtful accounts by analyzing accounts receivable balances by age and applying historical write-off trend rates. In addition, our estimates also include separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Actual results could differ from these estimates under different assumptions. Our allowance for doubtful accounts balance was $45 million and $52 million, as of December 31, 2010 and 2009, respectively. These amounts include our allowance for sales returns and credits of $7 million as of December 31, 2010 and $10 million as of December 31, 2009. Our bad debt expense as a percent of net sales was 0.3% in 2010 and 0.4% in 2009 and 2008. We believe that it is reasonably likely that future results will be consistent with historical trends and experience. However, if the financial condition of our customers were to deteriorate, resulting in an inability to make payments, or if unexpected events or significant changes in future trends were to occur, additional allowances may be required.

Estimates used to record liabilities related to pending litigation and environmental claims are based on our best estimate of probable future costs. We record the amounts that represent the points in the range of estimates that we believe are most probable or the minimum amount when no amount within the range is a better estimate than any other amount. Potential insurance reimbursements are not anticipated in our accruals for environmental liabilities or other insured losses. Expected insurance proceeds are recorded as receivables when recovery is probable. While the final resolution of litigation and environmental contingencies could result in amounts different than current accruals, and therefore have an impact on our consolidated financial results in a future reporting period, we believe the ultimate outcome will not have a significant effect on our financial position.

Actuarially Determined Liabilities

The measurement of our pension and postretirement benefit obligations are dependent on a variety of assumptions determined by management and used by our actuaries. These assumptions affect the amount and timing of future contributions and expenses.

The assumptions used in developing the required estimates include, among others, discount rate, projected salary and health care cost increases and expected return or earnings on assets. The discount rate assumption for the U.S. Plans is calculated using a bond yield curve constructed from a population of high-quality, non-callable, corporate bond issues with maturity dates of six months to thirty years. Bond issues in the population are rated no less than Aa by Moody's Investor Services or AA by Standard & Poors. The discount rate is calculated by matching the plans' projected cash flows to the yield curve. Projected salary and health care cost increases are based on our long-term actual experience, the near-term outlook and assumed inflation. The expected return on plan assets reflects asset allocations, investment strategies and the views of investment advisors. The effects of actual results differing from our assumptions, as well as changes in assumptions, are reflected in the unrecognized actuarial loss and amortized over future periods and, therefore, generally affect our recognized expense in future periods. Significant differences in actual experience or significant changes in assumptions may materially affect pension and other post-retirement obligations. The unrecognized actuarial loss on our U.S. qualified and non-qualified pension plans decreased from $533 million to $500 million (before tax) as of December 31, 2009 and 2010, respectively, primarily due to amortization of existing unrecognized losses, partially offset by a decrease in our discount rate. In determining our U.S. pension and postretirement obligations for 2010, our discount rate decreased to 5.41% from 5.84% at year-end 2009 and our projected salary increase was unchanged at 4.32% . Our expected return on plan assets, used for determining 2010 and 2011 expense, was 8.50% and reflects our expected long-term

returns on plan assets.

The effect on 2011 expense of a decrease in the discount rate or expected return on assets assumption as of December 31, 2010 is shown below assuming no changes in benefit levels and no amortization of gains or losses for our major plans:

MILLIONS	EFFECT ON U.S. PENSION PLAN		
ASSUMPTION	ASSUMPTION CHANGE	INCREASE IN RECORDED OBLIGATION	HIGHER 2011 EXPENSE
Discount rate	-0.25 pts	$40.0	$4.8
Expected return on assets	-0.25 pts	N/A	$2.9

MILLIONS	EFFECT ON U.S. POSTRETIREMENT HEALTH CARE BENEFITS PLAN		
ASSUMPTION	ASSUMPTION CHANGE	INCREASE IN RECORDED OBLIGATION	HIGHER 2011 EXPENSE
Discount rate	-0.25 pts	$4.7	$1.2
Expected return on assets	-0.25 pts	N/A	$0.1

We use similar assumptions to measure our international pension obligations. However, the assumptions used vary by country based on specific local country requirements and information. See Note 15 for further discussion concerning our accounting policies, estimates, funded status, planned contributions and overall financial positions of our pension and post-retirement plan obligations.

In the U.S. we have high deductible insurance policies for workers' compensation, general liability and automotive liability losses, subject to per occurrence and liability limitations. We are insured for losses in excess of these limitations and have recorded both a liability and an offsetting receivable for amounts in excess of these limitations. We are self-insured for health care claims for eligible participating employees, subject to certain deductibles and limitations. We determine our liabilities for claims incurred but not reported on an actuarial basis. A change in these assumptions would cause reported results to differ. Outside of the U.S., we are fully insured for losses, subject to annual insurance deductibles.

Share-Based Compensation

We measure compensation expense for share-based awards at fair value at the date of grant and recognize compensation expense over the service period for awards expected to vest. Determining the fair value of share-based awards at the grant date requires judgment, including estimating expected volatility, exercise and post-vesting cancellation behavior, expected dividends and risk-free rates of return. Additionally, the expense that is recorded is dependent on the amount of share-based awards expected to vest or be forfeited. Estimating vesting includes assessing the probability of meeting service and performance conditions. If actual vesting or forfeiture results differ significantly from these estimates, share-based compensation expense and our results of operations could be impacted. For additional information on our stock incentive and option plans, including significant assumptions used in determining fair value, see Note 10.

Income Taxes

Judgment is required to determine the annual effective income tax rate, deferred tax assets and liabilities and any valuation allowances recorded against net deferred tax assets. Our effective income tax rate is based on annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. Our annual effective income tax rate includes the impact of reserve provisions. We recognize the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority. We adjust these reserves in light of changing facts and circumstances. During interim periods, this annual rate is then applied to our year-to-date operating results. In the event that there is a significant one-time item recognized in our interim operating results, the tax attributable to that item would be separately calculated and recorded in the same period as the one-time item.

Tax regulations require items to be included in our tax returns at different times than the items are reflected in our financial statements. As a result, the effective income tax rate reflected in our financial statements differs from that reported in our tax returns. Some of these differences are permanent, such as expenses that are not deductible on our tax return, and some are temporary differences, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which we have already recorded the tax benefit in our income statement. We establish valuation allowances for our deferred tax assets when the amount of expected future taxable income is not likely to support the utilization of the entire deduction or credit. Deferred tax liabilities generally represent items for which we have already taken a deduction in our tax return, but have not yet recognized that tax benefit in our financial statements. Undistributed earnings of foreign subsidiaries are considered to have been reinvested indefinitely or available for distribution with foreign tax credits available to offset the amount of applicable income tax and foreign withholding taxes that might be payable on earnings. It is impractical to determine the amount of incremental taxes that might arise if all undistributed earnings were distributed.

A number of years may elapse before a particular tax matter, for which we have established a reserve, is audited and finally resolved. The number of tax years with open tax audits varies depending on the tax jurisdiction. The Internal Revenue Service (IRS) has completed its examinations of our U.S. federal income tax returns through 2006. There are specific positions within the 1999 through 2001 examinations that are still open with the IRS. The U.S. income tax returns for the years 2007 and 2008 are

currently under audit. It is reasonably possible for the specific open positions within the 1999 through 2001 examinations to be settled in the next twelve months. Settlement of any particular issue could result in offsets to other balance sheet accounts, cash payments or receipts and/or adjustments to tax expense. The majority of our tax reserves are presented in the balance sheet within other non-current liabilities. For additional information on income taxes, see Note 11.

Long-Lived, Intangible Assets and Goodwill

We periodically review our long-lived and intangible assets for impairment and assess whether significant events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. This could occur when the carrying amount of an asset exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated as the excess of the asset's carrying value over its estimated fair value. We also periodically reassess the estimated remaining useful lives of our long-lived assets.

Changes to estimated useful lives would impact the amount of depreciation and amortization expense recorded in earnings. We have experienced no significant changes in the carrying value or estimated remaining useful lives of our long-lived assets.

We test our goodwill for impairment on an annual basis during the second quarter. Our reporting units are our operating segments. If circumstances change significantly, we would also test a reporting unit for impairment during interim periods between its annual tests. Based on our testing, there has been no impairment of goodwill during the three years ending December 31, 2010. Goodwill is assessed for impairment using fair value measurement techniques. Specifically, goodwill impairment is determined using a two-step process. Both the first step of determining the fair value of a reporting unit and the second step of determining the fair value of individual assets and liabilities of a reporting unit (including unrecognized intangible assets) are judgmental in nature and often involve the use of significant estimates and assumptions. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparable market multiples are used to corroborate the results of the discounted cash flow method. These valuation methodologies use estimates and assumptions, which include projected future cash flows (including timing), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and determination of appropriate market comparables.

During the second quarter ended June 30, 2010, we completed our annual test for goodwill impairment and we determined GCS Service required an updated fair value calculation due to soft sales and continued operating losses. We used both a discounted cash flow analysis and market valuations, including similar company market multiples and comparable transactions, to assess fair value. The estimated fair value of the GCS Service business is based on a probability weighted-average of these various measures. Based on this analysis, it was determined that the fair value of the GCS Service reporting unit would have to decline by approximately 30% to indicate the potential for an impairment of their goodwill. Therefore, we believe that the estimated fair value of the GCS Service reporting unit substantially exceeds its carrying value and no adjustment to the $43 million carrying value of goodwill is necessary. The key assumptions utilized in determining fair value are revenue growth rates, operating margins and factors that impact the company's weighted-average cost of capital, including interest rates. Of these factors, the fair value estimate is most sensitive to changes in revenue growth rates which could be adversely impacted by continued difficult economic conditions, uncertainty in the U.S. foodservice markets and the timing of adding new customers. GCS Service is included in our U.S. Other Services reportable segment.

RESULTS OF OPERATIONS

Net Sales

MILLIONS	2010	2009	2008	PERCENT CHANGE 2010	2009
Net sales	$ 6,090	$ 5,901	$ 6,138	3%	(4)%

The components of the year-over-year net sales change are as follows:

PERCENT	2010	2009
Volume	2%	(3)%
Price changes	—	3
Acquisitions and divestitures	—	—
Fixed currency sales change	3	—
Foreign currency exchange	1	(4)
Total net sales change	3%	(4)%

Note: Amounts in table above do not necessarily sum due to rounding.

Gross Margin

	2010	2009	2008
Gross profit as a percent of net sales	50.5%	49.5%	48.8%

Our gross profit margin ("gross margin") (defined as the difference between net sales less cost of sales, divided by net sales) increase in 2010 over 2009 was driven by volume gains, favorable delivered product costs (includes raw materials, freight and fuel) and cost savings actions. Our 2009 gross margin was negatively impacted by restructuring charges included in cost of sales of $12.6 million, which decreased our gross margin by 0.2 percentage points.

Our gross margin increase in 2009 over 2008 was driven by pricing and cost-saving initiatives, which more than offset lower sales volume, higher delivered product costs and restructuring charges included in cost of sales.

Selling, General and Administrative Expenses

	2010	2009	2008
Selling, general & administrative expenses as a percent of net sales	37.1%	36.8%	36.8%

Selling, general and administrative expenses as a percentage of consolidated net sales increased to 37.1% compared to 36.8% in 2009. Investments in the business and cost increases more than offset savings from last year's restructuring and leverage from sales gains. We continue to make key business investments that drive innovation and efficiency, through R&D and information

technology systems.

Selling, general and administrative expenses as a percentage of consolidated net sales were 36.8% for both 2009 and 2008. The savings from restructuring, pricing leverage and well-managed spending were offset by a sales decline, investments and other cost increases during 2009.

Special Gains and Charges

Special gains and charges reported on the Consolidated Statement of Income included the following items:

MILLIONS	**2010**	2009	2008
Cost of sales			
Restructuring charges	**$ —**	$ 12.6	$ —
Special (gains) and charges			
Restructuring charges	**—**	59.9	—
Venezuela currency devaluation	**4.2**	—	—
Business structure and optimization	**10.9**	2.8	25.6
Business write-downs and closures	**(1.4)**	2.4	19.1
Gain on sale of plant	**—**	—	(24.0)
Gain on sale of businesses	**—**	—	(1.7)
Gain on sale of investments	**(5.9)**	—	—
Other items	**(0.3)**	2.0	6.9
Subtotal	**7.5**	67.1	25.9
Total	**$ 7.5**	$ 79.7	$ 25.9

Special gains and charges in 2010 include costs to optimize our organizational structure, $8.5 million of which were recorded in the fourth quarter. In the third quarter of 2010, the company sold an investment in a small U.S. business and recognized a $5.9 million gain on the sale. The investment was not material to our consolidated results of operations or financial position.

Beginning in 2010, Venezuela has been designated hyper-inflationary and as such all foreign currency fluctuations are recorded in income. On January 8, 2010 the Venezuelan government devalued its currency (Bolivar Fuerte). We are remeasuring the financial statements of our Venezuelan subsidiary using the official exchange rate of 4.30 Bolivars to U.S. dollar. As a result of the devaluation, we recorded a charge of $4.2 million in the first quarter of 2010 due to the remeasurement of the local balance sheet. We are unable to predict the ongoing currency gains and losses for the remeasurement of the balance sheet, but do not expect these gains and losses to have a material impact on our future consolidated results of operations or financial position.

In the first quarter of 2009, we announced plans to undertake restructuring and other cost-saving actions during 2009 in order to streamline operations and improve efficiency and effectiveness. The restructuring plan included a reduction of the company's global workforce and the reduction of plant and distribution center locations. As a result of these actions, we recorded restructuring charges of $72.5 million ($52.0 million after tax) or $0.22 per diluted share during 2009. The restructuring was completed as of the end of 2009. These actions provided annualized pretax savings of approximately $75 million ($50 million after tax), with pretax savings of approximately $50 million realized in 2009. Further details related to the restructuring are included in Note 3.

2009 special gains and charges also included the write-down of our carrying value in a non-strategic business as well as costs to optimize our business structure.

Special gains and charges in 2008 included a charge of $19.1 million, recorded in the fourth quarter, for the write-down of investments in an energy management business and closure of two small non-strategic healthcare businesses as well as costs to optimize our business structure, including costs related to establishing our new European headquarters in Zurich, Switzerland. These charges were partially offset by a gain of $24.0 million from the sale of a plant in Denmark recorded in the second quarter and a $1.7 million gain related to the sale of a business in the United Kingdom (U.K.) recorded in the first quarter.

For segment reporting purposes, special gains and charges have been included in our corporate segment, which is consistent with our internal management reporting.

Operating Income

				PERCENT CHANGE	
MILLIONS	**2010**	2009	2008	**2010**	2009
Reported GAAP operating income	**$ 806.8**	$ 681.3	$ 712.8	**18%**	(4)%
Adjustments:					
Special gains and charges	**7.5**	79.7	25.9		
Non-GAAP adjusted operating income	**814.3**	761.0	738.7	**7**	3
Effect of foreign currency translation	**2.8**	10.6	(22.9)		
Non-GAAP adjusted fixed currency operating income	**$ 817.1**	$ 771.6	$ 715.8	**6%**	8%

Reported operating income increased 18% in 2010 compared to 2009. The operating income increase was impacted by the year over year decrease in special gains and charges and the favorable impact of foreign currency exchange. Excluding the impact of special gains and charges, adjusted operating income increased 7% in 2010. Excluding favorable currency exchange, adjusted fixed currency operating income increased 6% in 2010 as sales gains, favorable delivered product costs, and savings from last year's restructuring more than offset continued investment in the business and other cost increases.

Reported operating income declined 4% in 2009 compared to 2008. The operating income decrease was impacted by the year over year comparison of special gains and charges and the unfavorable impact of foreign currency exchange. Excluding the impact of special gains and charges, adjusted operating income increased 3% in 2009. Excluding unfavorable currency exchange, adjusted fixed currency operating income increased 8% in 2009 as increased pricing and cost savings efforts more than offset increased raw material and other costs during the year.

Interest Expense, Net

Net interest expense totaled $59 million, $61 million and $62 million in 2010, 2009 and 2008, respectively. The decrease in our 2010 net interest expense compared to 2009 was due to lower commercial paper borrowing rates combined with lower borrowing amounts as well as lower interest expense related to hedging activities and higher interest income.

Provision for Income Taxes

The following table provides a summary of our reported tax rate:

PERCENT	**2010**	2009	2008
Reported tax rate	**29.0%**	32.5%	31.1%
Tax rate impact of:			
Special gains and charges	**(0.1)**	(0.6)	0.2
Discrete tax items	**1.0**	(0.2)	0.3
Non-GAAP adjusted effective tax rate	**29.9%**	31.7%	31.6%

Our reported tax rate includes discrete impacts from special gains and charges and discrete tax events. Our adjusted effective tax rate decreased in 2010 compared to 2009 due primarily to increased benefits from the domestic manufacturing deduction in the

U.S. Our adjusted effective tax rate in 2009 was comparable to 2008.

The 2010 reported tax rate was impacted by $8.9 million of tax items including $0.9 million of net tax benefits on special gains and charges as well as $8.0 million of discrete tax benefits. 2010 discrete tax benefits primarily include recognizing favorable settlements related to our 2002 through 2004 IRS appeals case and adjustments related to our prior year tax reserves. The discrete tax benefit for the year also includes a $6 million tax benefit from the settlement of an international tax audit recorded in the first quarter, offset by a $5 million charge also recorded in the first quarter due to the passage of the U.S. Patient Protection and Affordable Care Act which changes the tax deductibility related to federal subsidies and resulted in a reduction of the value of our deferred tax assets related to the subsidies, as well as a $2 million charge in the second quarter for the impact of international tax costs from optimizing our business structure.

The 2009 reported tax rate was impacted by $20.4 million of tax items including $21.5 million of net tax benefits on special gains and charges as well as $1.1 million of discrete tax net charges. Discrete tax items in 2009 included tax benefits of $3.4 million related to prior year reserve adjustments which were more than offset by $4.5 million of tax charges related to optimizing our business structure.

The 2008 reported tax rate was impacted by $11.0 million of tax items including $9.1 million of net tax benefits on special gains and charges as well as $1.9 million of discrete tax benefits. Discrete tax items in 2008 included $4.8 million of discrete tax benefits recorded in the first quarter due to enacted tax legislation and an international rate change. 2008 also included $2.1 million of discrete tax expense recorded in the third quarter related to recognizing adjustments from filing our 2007 U.S. federal income tax return and $0.8 million of discrete tax expense recorded in the fourth quarter.

Net Income Attributable to Ecolab

MILLIONS	2010	2009	2008	PERCENT CHANGE 2010	2009
Reported GAAP net income	$ 530.3	$ 417.3	$ 448.1	27%	(7)%
Adjustments:					
Special gains and charges	6.6	58.2	16.8		
Discrete tax expense (benefit)	(8.0)	1.1	(1.9)		
Non-GAAP adjusted net income	$ 528.9	$ 476.6	$ 463.0	11%	3%

Diluted Earnings Per Common Share (EPS)

DOLLARS	2010	2009	2008	PERCENT CHANGE 2010	2009
Reported GAAP EPS	$ 2.23	$ 1.74	$ 1.80	28%	(3)%
Adjustments:					
Special gains and charges	0.03	0.24	0.07		
Discrete tax expense (benefit)	(0.03)	0.00	(0.01)		
Non-GAAP adjusted EPS	$ 2.23	$ 1.99	$ 1.86	12%	7%

Note: Per share amounts do not necessarily sum due to rounding.

Net income attributable to Ecolab increased 27% to $530 million in 2010 compared to 2009. On a per share basis, diluted earnings per share increased 28% to $2.23. Amounts for both 2010 and 2009 include special gains and charges and discrete tax items. Excluding these items from both years, adjusted net income attributable to Ecolab increased 11% and adjusted earnings per share increased 12%. Currency translation had a favorable impact of approximately $5 million, net of tax, or $0.02 per share for 2010 compared to 2009.

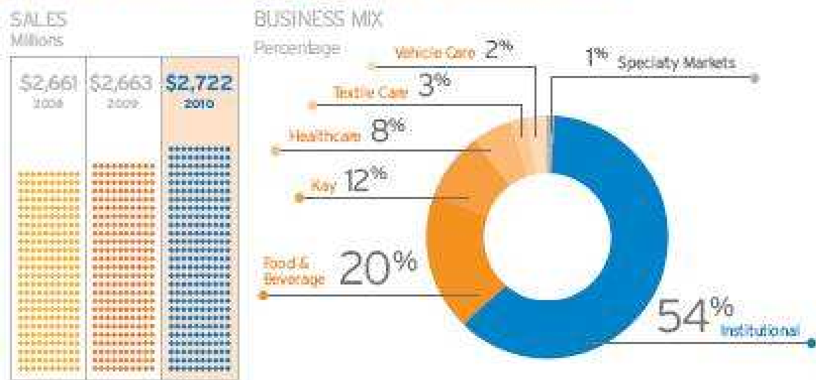
Net income attributable to Ecolab decreased 7% to $417 million in 2009 compared to 2008. On a per share basis, diluted earnings per share decreased 3% to $1.74. Amounts for both 2009 and 2008 include special gains and charges and discrete tax items. Excluding these items from both years, adjusted net income attributable to Ecolab increased 3% and adjusted earnings per share increased 7%. Currency translation had an unfavorable impact of approximately $25 million, net of tax, or $0.10 per share for 2009 compared to 2008.

Segment Performance

Our operating segments are aggregated into three reportable segments: U.S. Cleaning & Sanitizing, U.S. Other Services and International. We evaluate the performance of our International operations based on fixed rates of foreign currency exchange. Therefore, International sales and operating income totals, as well as the International financial information included in this financial discussion, are based on translation into U.S. dollars at the fixed foreign currency exchange rates used by management for 2010. The difference between actual currency exchange rates and the fixed currency exchange rates used by management is included in “Effect of foreign currency translation” within our operating segment results. All other accounting policies of the reportable segments are consistent with U.S. GAAP and the accounting policies of the company described in Note 2. Additional information about our reportable segments is included in Note 16.

Sales by Reportable Segment

MILLIONS	2010	2009	2008	PERCENT CHANGE 2010	2009
Net sales					
United States					
Cleaning & Sanitizing	$ 2,722	$ 2,663	$ 2,661	2%	0%
Other Services	449	450	469	0	(4)
Total United States	3,171	3,113	3,130	2	(1)
International	3,016	2,922	2,895	3	1
Total	6,187	6,035	6,025	3	0
Effect of foreign currency translation	(97)	(134)	113		
Consolidated	$ 6,090	$ 5,901	$ 6,138	3%	(4)%



U.S. Cleaning & Sanitizing sales increased 2% in 2010 compared to 2009 and were flat in 2009 versus 2008. Sales for our largest U.S. Cleaning & Sanitizing businesses were as follows:

Institutional - Sales increased 1% in 2010 compared to 2009. 2010 sales benefited from new account gains and increased sales to distributors. We continued to experience mixed market trends in 2010 as room demand in the lodging market improved while overall foot traffic in the foodservice market continued to decline. While our markets are expected to remain soft over the near term, we remain confident in their long-term potential, and that our investments in business development and innovation will continue to deliver steady long-term growth.

Sales declined 3% in 2009 compared to 2008. New account gains, success with new products and appropriate pricing enabled us to outperform our markets in 2009 during the deep recession's impact on the restaurant and lodging market environment. We saw strong results for our Apex ™ solids warewashing line due to customer demand for energy and cost savings solutions.

Food & Beverage - Sales increased 3% in 2010 compared to 2009. Sales increased in almost all end markets, led by growth in food, beverage and agri markets, as corporate account wins and new products offset soft results in meat & poultry markets. Sales also benefited from improved water, energy and waste treatment capabilities.

Sales decreased 1% in 2009 compared to 2008 as good results for our core Food & Beverage business were offset by lower Ecovation sales. Excluding the impact of Ecovation, our core Food & Beverage business sales rose 5%. Food & Beverage enjoyed good gains in the dairy, beverage and food markets as pricing, corporate account wins and new products offset soft results in agri and meat & poultry markets. Ecovation experienced a sales decline in 2009 as the sales comparison was negatively impacted by the timing of a large Ecovation project sale in the first quarter of 2008, with the

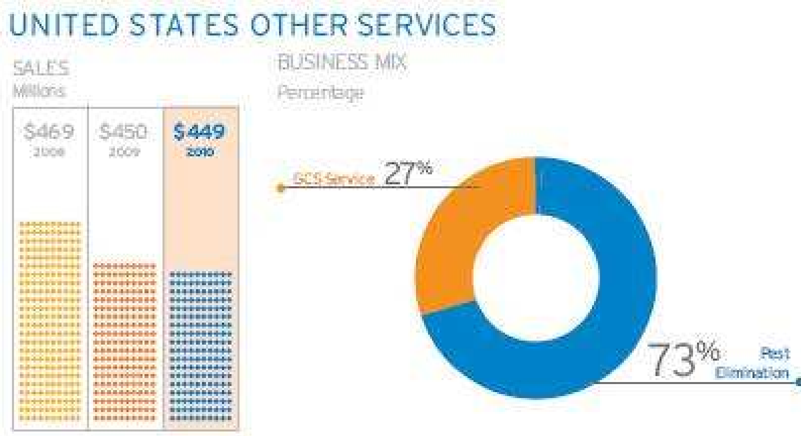
remainder of the unfavorability driven by delays in design/build projects due to the negative economic climate in 2009 which caused customers to be reluctant to make capital investments.

Kay - Sales were strong in 2010 growing 7% compared to 2009. Sales growth was led by new food retail accounts and success with new products and programs. Sales at Kay continue to benefit from good demand from existing and new food retail and quick service accounts.

Sales increased 9% in 2009 compared to 2008. Quick service restaurant sales experienced solid growth benefiting from new accounts, new product introductions and growth at existing customers. The food retail business showed strong results due to new account growth.

Healthcare - Sales increased 2% in 2010 compared to 2009. Gains in sales of infection barriers and surgical instrument cleaning products more than offset the prior year's spike in demand due to H1N1 virus preparations and slowing healthcare market trends in the current year, including fewer patient visits and surgical procedures.

Sales increased 11% in 2009 compared to 2008. Business acquisitions contributed 2% to the year over year sales growth. Sales growth benefited from H1N1 related sales of hand sanitizers during 2009, as well as solid growth from our infection barrier business and hand hygiene products.



U.S. Other Services sales were flat in 2010 and declined 4% in 2009. Sales for our U.S. Other Services businesses were as follows:

Pest Elimination - Sales for 2010 declined 1% compared to 2009. Sales growth in food safety management services was offset by lower pest elimination contract and non-contract services. Gains in the quick service restaurant, grocery, healthcare and food & beverage plant markets were offset by slow conditions in other major markets.

Pest Elimination experienced a 1% sales decline in 2009 versus 2008 as weakness in full service restaurants and hospitality more than offset gains in the quick service restaurant and food & beverage plant markets. Both contract and non-contract services were lower. New account gains were offset by customer cancellations as our customers focused on reducing their spending due to the very weak economy in 2009.

GCS Service - Sales increased 1% in 2010 compared to 2009. Service and installed parts sales increased in 2010, benefiting from pricing gains and new accounts, which more than offset the impact of slow foodservice market conditions. Direct parts sales continued to be soft.

Sales declined 11% in 2009 compared to 2008. The difficult economic conditions and decline in the foodservice market caused existing customers to delay repairs and maintenance, and prospective customers to delay the start of new programs. We also chose to exit some low-margin business during 2009.

INTERNATIONAL

SALES
Millions

$2,896 2008 | $2,922 2009 | $3,016 2010

BUSINESS MIX
Percentage

Canada 8%
Latin America 9%
Asia Pacific 20%
63% Europe/ Middle East/ Africa

We evaluate the performance of our International operations based on fixed rates of foreign currency exchange. Fixed currency International sales increased 3% and 1% in 2010 and 2009, respectively. When measured at public currency rates, International sales increased 5% and declined 7% in 2010 and 2009, respectively. Fixed currency sales changes for our International regions were as follows:

Europe, Middle East and Africa (EMEA) - Sales increased 1% in 2010 compared to 2009. Sales growth in the U.K. and Turkey were partially offset by lower sales in Italy and France. Sales in Germany were comparable to the prior year. From a divisional perspective, Europe's Institutional sales increased due to new account gains. Food & Beverage and Pest Elimination sales increased during the year while Healthcare sales were flat compared to the prior year which included higher sales related to H1N1 virus preparations. Textile Care sales declined slightly in the current year.

Sales declined 2% in 2009 compared to 2008 as the significant slowdown in foodservice and hospitality markets in Europe more than offset sales growth in the Middle East and Africa. In Europe, sales growth in the U.K. was offset by lower sales in Germany, France and Italy as the region was negatively impacted by the global recession. From a divisional perspective, our Healthcare business showed solid growth in the region, benefiting from H1N1 related sales of hand sanitizers, while Institutional, Food & Beverage, Textile Care and Pest Elimination businesses all reported modest sales declines.

Asia Pacific - Sales increased 8% in 2010 compared to 2009 as the region showed a good recovery from last year's low levels of business travel and tourism. Sales growth was driven by continued growth in China, Australia and New Zealand. From a division perspective, Institutional sales were strong as hotel occupancy levels improved and Asian economies recovered. Food & Beverage also continued to report strong sales growth, benefiting from increased product penetration and account gains.

Sales increased 4% in 2009 compared to the prior year. New customer account gains and increased product penetration in key markets helped overcome the impact of economic uncertainty and low levels of business travel and tourism in the region. Sales growth in the region was led by growth in Food & Beverage. From a country perspective, sales growth was driven by China, Australia and New Zealand.

Latin America - We continue to experience strong sales growth in Latin America as sales in the region increased 8% in 2010 compared to 2009. Sales were led by strong growth in Brazil, Mexico and Venezuela. Our Institutional, Food & Beverage and Pest Elimination businesses all reported increased sales growth. Sales benefited from new accounts and good demand in the beverage and brewery markets.

Sales increased 8% in 2009 compared to 2008. All businesses showed strong gains in the region against weak economic conditions. Growth was driven by new corporate account wins and increased product penetration within existing accounts. This helped to offset the economic slowdown brought about by the global recession and the initial H1N1 virus outbreak in Mexico that negatively impacted the tourism and lodging industry throughout the region. From a country perspective, sales were led by strong gains in Venezuela and Brazil.

Canada - Sales increased 4% in 2010 compared to the prior year. Sales continued to be led by strong growth from Food & Beverage and good growth from Institutional, offset partially by lower Healthcare sales as hospitals worked down their H1N1 related product inventories purchased in the prior year.

Sales increased 8% in 2009 compared to 2008. Sales growth was led by strong results from Food & Beverage, driven by new account gains and product price increases. Institutional also reported sales growth in 2009 led by pricing, success with distributor partners and new account wins during the year.

Operating Income by Reportable Segment

MILLIONS	2010	2009	2008
Operating income			
United States			
Cleaning & Sanitizing	$ 514	$ 495	$ 430
Other Services	71	66	52
Total United States	585	561	482
International	255	235	263
Total	840	796	745
Corporate	(30)	(104)	(55)
Effect of foreign currency translation	(3)	(11)	23
Consolidated	$ 807	$ 681	$ 713
Operating income as a percent of net sales			
United States			
Cleaning & Sanitizing	18.9%	18.6%	16.2%
Other Services	15.9	14.6	11.1
Total United States	18.5	18.0	15.4
International	8.4	8.0	9.1
Consolidated	13.2%	11.5%	11.6%

U.S. Cleaning & Sanitizing - Operating income increased 4% to $514 million in 2010 compared to 2009. As a percentage of net sales, operating income increased to 18.9% in 2010 from 18.6% in 2009. Sales gains and favorable delivered product costs more than offset cost increases to drive the increase in operating income.

U.S. Cleaning & Sanitizing operating income increased 15% to $495 million in 2009 compared to 2008. As a percentage of net sales, operating income increased to 18.6% in 2009 from 16.2% in 2008. Increased pricing, favorable delivered product costs and cost savings actions drove the significant operating income growth in 2009.

U.S. Other Services - Operating income increased 9% to $71 million in 2010 compared to 2009 led by continued improvement in GCS Service operating results. As a percentage of net sales, operating income increased to 15.9% in 2010 from 14.6% in 2009. Operating income growth was driven by pricing and cost savings actions which more than offset service delivery and other cost increases.

U.S. Other Services operating income increased 27% to $66 million in 2009 compared to 2008. As a percentage of net sales, operating income increased to 14.6% in 2009 from 11.1% in 2008. Operating income growth was driven by good operating income growth at Pest Elimination and significant improvement in GCS Service operating results compared to 2008. Operating income benefited from pricing, cost savings actions and well-managed spending.

International - Fixed currency operating income increased 8% to $255 million in 2010 compared to 2009. The International operating income margin was 8.4% in 2010 compared to 8.0% in 2009. Volume and pricing gains, favorable delivered product costs, and cost savings efforts more than offset continued investments in the business and increased costs. When measured at public currency rates, operating income increased 12% to $252 million in 2010 compared to 2009.

Fixed currency operating income decreased 12% in 2009 compared to 2008. The International operating income margin was 8.0% in 2009 compared to 9.1% in 2008. Pricing gains and cost savings efforts were unable to fully offset higher delivered product costs

and other cost increases, and continued investment in the business. When measured at public currency rates, operating income declined 21% to $224 million in 2009 compared to 2008.

Operating income margins of our International operations are generally less than those realized for our U.S. operations. The lower International margins are due to (i) the smaller scale of International operations where many operating locations are smaller in size, (ii) the additional cost of operating in numerous and diverse foreign jurisdictions and (iii) higher costs of importing certain raw materials and finished goods in some regions. Proportionately larger investments in sales, technical support and administrative personnel are also necessary in order to facilitate the growth of our International operations.

Corporate - The corporate segment includes special gains and charges reported on the Consolidated Statement of Income of $8 million, $80 million and $26 million for 2010, 2009 and 2008, respectively. It also includes investments in the development of business systems and other corporate investments we made during the last three years as part of our ongoing efforts to improve our efficiency and returns.

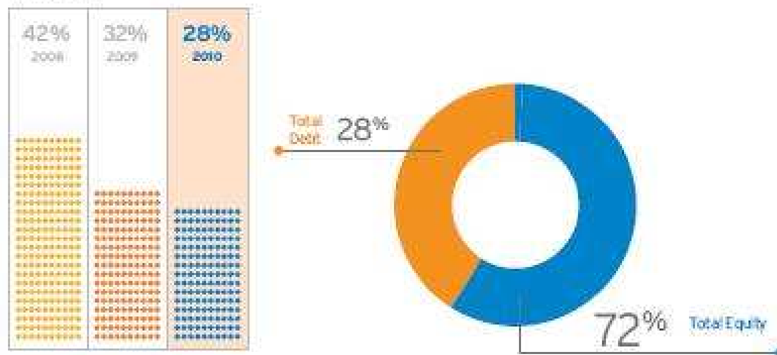
FINANCIAL POSITION & LIQUIDITY

Financial Position

Significant changes in our financial position during 2010 included the following:

Total assets decreased to $4.9 billion as of December 31, 2010 from $5.0 billion at December 31, 2009. The decrease was primarily due to the impact of foreign currency exchange rates, which decreased the value of international assets on our balance sheet when translated into U.S. dollars, partially offset by an increase in cash and cash equivalents.

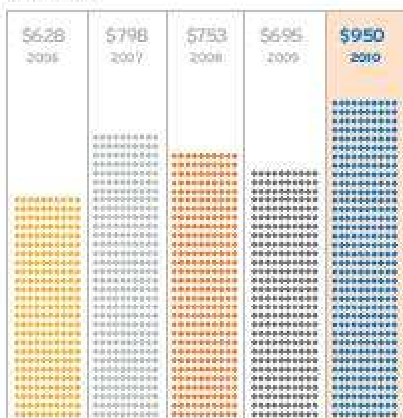
Total liabilities decreased to $2.7 billion at December 31, 2010 from $3.0 billion at December 31, 2009 primarily due to a decrease in our debt outstanding and a decrease in liabilities due to currency translation.



Total debt was $0.8 billion at December 31, 2010 and decreased from total debt of $1.0 billion at December 31, 2009. Our debt continued to be rated within the "A" categories by the major rating agencies during 2010. The decrease in total debt was primarily due to the paydown of our outstanding commercial paper. The ratio of total debt to capitalization (total debt divided by the sum of total equity and total debt) was 28% at year-end 2010 and 32% at year-end 2009. The debt to capitalization ratio was lower at year-end 2010 due to the decrease in debt as well as an increase in equity. We view our debt to capitalization ratio as an important indicator of our creditworthiness.

Cash Flows

Operating Activities - Cash provided by operating activities increased to $950 million in 2010 compared to $695 million in 2009. 2010 operating cash flow benefited from improved earnings, lower pension contributions and lower restructuring payments. In 2010 we made no voluntary contributions to our U.S. pension plan compared to $225 million in 2009 and $75 million in 2008. Operating cash flow in 2009 was also negatively impacted by the payment of a $35 million legal settlement and restructuring payments of $50 million. Our bad debt expense decreased to $18 million or 0.3% of net sales in 2010 from $27 million or 0.4% of net sales in 2009. We continue to monitor our receivable portfolio and the creditworthiness of our customers closely and do not expect our future cash flow to be materially impacted. Historically, we have had strong operating cash flow, and we anticipate this will continue. We expect to continue to use this cash flow to fund our ongoing operations and investments in the business, acquire new businesses and return cash to shareholders through dividend payments and share repurchases.



Investing Activities - Cash used for investing activities was $304 million in 2010 compared to $299 million in 2009. We continue to make investments in the business including merchandising equipment consisting primarily of systems used by our customers to dispense our cleaning and sanitizing products. Cash paid for acquisitions increased in 2010 due to the acquisition of the commercial laundry division of Dober Chemical in the third quarter of 2010 and final payment made on the Ecovation acquisition. The Ecovation acquisition in 2008 included an indemnification escrow agreement. As part of the agreement, we deposited $21 million into an escrow account. In 2010 the final payment on the acquisition was settled and $4 million was paid to the seller and is included in the cash paid for businesses acquired while we retained the remaining $17 million. We continue to target strategic business acquisitions which complement our growth strategy. We also expect to continue to make capital investments and acquisitions in the future to support our long-term growth.

Financing Activities - Our cash flows from financing activities reflect issuances and repayment of debt, common stock repurchases, dividend payments and proceeds from common stock issuances related to our equity incentive programs. 2010 financing activities included a $74 million paydown of our U.S. commercial paper and $349 million of share repurchases. 2009 financing activities included a $242 million paydown of our U.S. commercial paper and $69 million of share repurchases. 2008 financing activities included the issuance of $250 million 4.875% senior notes and $337 million of share repurchases. Share repurchases were funded with operating cash flows, short-term borrowing and cash from the exercise of employee stock options. Shares are repurchased for the purpose of offsetting the dilutive effect of stock options and incentives, to efficiently return capital to shareholders and for general corporate purposes. Cash proceeds and tax benefits from option exercises provide a portion of the funding for repurchase activity.

In December 2010, we increased our indicated annual dividend rate by 13%. This represents the 19th consecutive year we have increased our dividend. We have paid dividends on our common stock for 74 consecutive years. Cash dividends declared per share of common stock, by quarter, for each of the last three years were as follows:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR
2010	**$ 0.1550**	**$ 0.1550**	**$ 0.1550**	**$ 0.1750**	**$ 0.6400**
2009	0.1400	0.1400	0.1400	0.1550	0.5750
2008	0.1300	0.1300	0.1300	0.1400	0.5300

Liquidity and Capital Resources

We currently expect to fund all of our cash requirements which are reasonably foreseeable for 2011, including scheduled debt repayments, new investments in the business, share repurchases, dividend payments, possible business acquisitions and pension contributions from operating cash flow, cash reserves and additional short-term and/or long-term borrowings. In the event of a significant

acquisition or other significant funding need, funding may occur through additional short and/or long-term borrowings or through the issuance of the company's common stock.

As of December 31, 2010, we had $242 million of cash and cash equivalents on hand and expect our operating cash flow to remain strong. Additionally, we have a $600 million multi-year credit facility with a diverse group of banks which expires in June 2012. The credit facility supports our $600 million U.S. commercial paper program and our $200 million European commercial paper program. Combined borrowing under these two commercial paper programs may not exceed $600 million. Both programs are rated A-1 by Standard & Poor's and P-1 by Moody's.

In addition, we have other committed and uncommitted credit lines of $232 million with major international banks and financial institutions to support our general global funding needs. Approximately $200 million of these credit lines were undrawn and available for use as of our 2010 year end.

We are in compliance with all covenants and other requirements of our credit agreements and indentures.

A downgrade in our credit rating could limit or preclude our ability to issue commercial paper under our current programs. A credit rating downgrade could also adversely affect our ability to renew existing or negotiate new credit facilities in the future and could increase the cost of these facilities. Should this occur, we could seek additional sources of funding, including issuing term notes or bonds. In addition, we have the ability, at our option, to draw upon our $600 million committed credit facility prior to their termination.

A schedule of our obligations under various notes payable, long-term debt agreements, operating leases with noncancelable terms in excess of one year, interest obligations and benefit payments are summarized in the following table:

MILLIONS		PAYMENTS DUE BY PERIOD			
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	2-3 YEARS	4-5 YEARS	MORE THAN 5 YEARS
Notes payable	$ 32	$ 32	$ —	$ —	$ —
Commercial paper	—	—	—	—	—
Long-term debt	796	151	165	253	227
Capital lease obligations	17	6	8	3	—
Operating leases	206	67	79	35	25
Interest*	139	32	61	36	10
Benefit payments**	1,041	72	166	187	616
Total contractual cash obligations	$ 2,231	$ 360	$ 479	$ 514	$ 878

* Interest on variable rate debt was calculated using the interest rate at year-end 2010.
** Benefit payments are estimated through 2020 and paid out of our pension and postretirement health care benefit plans.

In February 2011 we repaid our $150 million 6.875% notes when they became due. This amount is included in the long-term debt line of the preceding table due in less than one year.

As of December 31, 2010, our gross liability for uncertain tax positions was $66 million. We are not able to reasonably estimate the amount by which the liability will increase or decrease over an extended period of time or whether a cash settlement of the liability will be required. Therefore, these amounts have been excluded from the schedule of contractual obligations.

We are not required to make any contributions to our U.S. pension and postretirement healthcare benefit plans in 2011, based on plan asset values as of December 31, 2010. In January 2011 we made a $100 million voluntary contribution to our U.S. pension plan. We are in compliance with all funding requirements of our pension and postretirement health care plans. We are required to fund certain international pension benefit plans in accordance with local legal requirements. We estimate contributions to be made to our international plans will approximate $33 million in 2011. These amounts have been excluded from the schedule of contractual obligations.

We lease sales and administrative office facilities, distribution center facilities and other equipment under longer-term operating leases. Vehicle leases are generally shorter in duration. Vehicle leases have guaranteed residual value requirements that have historically been satisfied primarily by the proceeds on the sale of the vehicles.

Except for approximately $149 million of letters of credit ($56 million outstanding as of December 31, 2010) supporting domestic and international commercial relationships and transactions, primarily for our North America self-insurance program, we do not have significant unconditional purchase obligations, or significant other commercial commitments, such as commitments under lines of credit, standby letters of credit, guarantees, standby repurchase obligations or other commercial commitments.

Off-Balance Sheet Arrangements

Other than operating leases, we do not have any off-balance sheet financing arrangements. See Note 12 for information on our operating leases. We do not have relationships with unconsolidated entities or financial partnerships, such as entities often referred to as "special purposes entities", which are sometimes established for the purpose of facilitating off-balance sheet financial

arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

New Accounting Pronouncements

There were no new accounting pronouncements that were issued or became effective that have had or are expected to have a material impact on our consolidated financial statements.

Market Risk

We enter into contractual arrangements (derivatives) in the ordinary course of business to manage foreign currency exposure and interest rate risks. We do not enter into derivatives for trading purposes. Our use of derivatives is subject to internal policies that provide guidelines for control, counterparty risk and ongoing monitoring and reporting and is designed to reduce the volatility associated with movements in foreign exchange and interest rates on our income statement and cash flows.

We enter into foreign currency forward contracts to hedge certain intercompany financial arrangements, and to hedge against the effect of exchange rate fluctuations on transactions related to cash flows denominated in currencies other than U.S. dollars. See Note 8 for further information on our hedging activity.

We manage interest expense using a mix of fixed and floating rate debt. To help manage borrowing costs, we may enter into interest rate swap agreements. Under these arrangements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. As of December 31, 2010 and 2009, we did not have any interest rate swaps outstanding.

Based on a sensitivity analysis (assuming a 10% adverse change in market rates) of our foreign exchange and interest rate derivatives and other financial instruments, changes in exchange rates or interest rates would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

Subsequent Events

In November 2010, we announced we had agreed to purchase the assets of O.R. Solutions, Inc., a privately-held developer and marketer of surgical fluid warming and cooling systems in the U.S. Annual sales of the business to be acquired are approximately $55 million, with more than 85% of O.R. Solutions' sales from custom fit sterile drapes. The purchase price is approximately $260 million. As of the date of this report, the transaction had not closed. Completion of the transaction is subject to receipt of regulatory clearance and satisfaction of other customary closing conditions. We expect to fund the acquisition cost initially by issuing U.S. commercial paper which we will likely refinance by issuing long-term notes.

In December 2010, subsequent to our fiscal year end for international operations, we completed the purchase of the assets of the Cleantec business of Campbell Brothers Ltd., Brisbane, Queensland, Australia. Cleantec is a developer, manufacturer and marketer of cleaning and hygiene products principally within the Australian food and beverage processing, food service, hospitality and textile care markets. Annual sales of the business are approximately $55 million and will be included in our International reportable segment beginning in 2011.

In January 2011, we made a $100 million voluntary contribution to our U.S. pension plan.

In February 2011, we repaid our $150 million 6.875% notes when they became due.

Europe Transformation: Following the recent implementation of new business systems in Europe, in February 2011, we announced we have undertaken a comprehensive plan to substantially improve the efficiency and effectiveness of our Europe business, sharpen its competitiveness and accelerate its growth and profitability. As a part of this effort, we are developing plans for an accelerated restructure of our European operations in order to more quickly realize the benefits. We will work with our various works councils (worker representatives elected pursuant to local labor laws) in Europe to develop and finalize implementation plans in accordance with local labor laws and practices. As part of the restructuring, approximately 900 positions are expected to be eliminated.

The restructuring and other cost savings actions are expected to result in approximately $120 million ($100 million after tax) in annualized cost savings when fully realized, with approximately $4 million to $6 million ($3 million to $5 million after tax) realized in 2011. We expect to incur a pretax restructuring charge of approximately $150 million ($125 million after tax) over the next three years, beginning in the first quarter of 2011, as the restructuring is rolled out. Approximately $50 million to $70 million ($40 million to $60 million after tax) of that charge is expected to occur in 2011. We anticipate that approximately $125 million of the charge would represent cash expenditures.

It is foreseen that these actions will better align business and functional support by leveraging the new systems.

Major initiatives under development include:

- Supply chain - significant realignment of the supply chain, including repositioning of the warehousing networks, better leveraged purchasing capabilities, formula and packaging simplification, manufacturing consolidation and streamlined support functions.

- General and administrative (G&A) - shared and outsourced services, centralization of business functions, marketing channel optimization, simplification and automated manual tasks.

- Division - streamlined marketing, business simplification, channel optimization, sales productivity and office consolidation.

Non-GAAP Financial Measures

This MD&A includes financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (GAAP). These Non-GAAP measures include fixed currency sales and fixed currency operating income, adjusted operating income, adjusted fixed currency operating income, adjusted effective tax rate, adjusted net income attributable to Ecolab and adjusted diluted earnings per share amounts. We provide these measures as additional information regarding our operating results. We use these Non-GAAP measures internally to evaluate our performance and in making financial and operational decisions, including with respect to incentive compensation. We believe that our presentation of these measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results.

We include in special gains and charges items that are unusual in nature, significant in amount and important to an understanding of underlying business performance. In order to better allow investors to compare underlying business performance period-to-period, we provide adjusted operating income, adjusted fixed currency operating income, adjusted net income attributable to Ecolab and adjusted diluted earnings per share, which exclude special gains and charges and discrete tax items.

The adjusted effective tax rate measure promotes period-to-period comparability of the underlying effective tax rate because the

amount excludes the tax rate impact of special gains and charges and discrete tax items which do not necessarily reflect costs associated with historical trends or expected future costs.

We evaluate the performance of our international operations based on fixed currency rates of foreign exchange. Fixed currency sales and fixed currency operating income measures eliminate the impact of exchange rate fluctuations on our international sales and operating income, respectively, and promote a better understanding of our underlying sales and operating income trends. Fixed currency amounts are based on translation into U.S. dollars at fixed foreign currency exchange rates established by management at the beginning of 2010.

These measures are not in accordance with, or an alternative to GAAP, and may be different from Non-GAAP measures used by other companies. Investors should not rely on any single financial measure when evaluating our business. We recommend that investors view these measures in conjunction with the GAAP measures included in this MD&A and have provided reconciliations of reported GAAP amounts to the Non-GAAP amounts.

Forward-Looking Statements and Risk Factors

This MD&A and other portions of this Annual Report to Shareholders contain various “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include expectations concerning items such as:

- economic trends and outlook
- demographic trends and their impact on end-markets
- focus areas in 2011
- benefits from planned initiatives
- benefits from new business systems
- margin improvements
- outlook for growth
- restructuring charges and cost savings
- bad debt and customer credit worthiness
- disputes, claims and litigation
- environmental contingencies
- returns on pension plan assets
- tax settlements
- currency gains and losses
- end-market trends and long-term potential
- investments
- sales and earnings growth
- cash flow
- business acquisitions
- dividends
- share repurchases
- debt repayments
- pension contributions
- liquidity requirements and borrowing methods
- impact of credit rating downgrade
- new accounting pronouncements
- regulatory clearance, completion and funding of pending acquisitions
- tax deductiblity of goodwill
- non performance of counterparties
- hedged transactions
- income taxes, including unrecognized tax benefits or uncertain tax positions

Without limiting the foregoing, words or phrases such as “will likely result,” “are expected to,” “will continue,” “is anticipated,” “we believe,” “we expect,” “estimate,” “project” (including the negative or variations thereof) or similar terminology, generally identify forward-looking statements. Forward-looking statements may also represent challenging goals for us. These statements, which represent the company’s expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such forward-looking statements. We caution that undue reliance should not be placed on such forward-looking statements, which speak only as of the date made. Some of the factors which could cause results to differ from those expressed in any forward-looking statements are set forth under Item 1A of our Form 10-K for the year ended December 31, 2010, entitled Risk Factors.

In addition, we note that our stock price can be affected by fluctuations in quarterly earnings. There can be no assurances that our earnings levels will meet investors’ expectations. Except as may be required under applicable law, we undertake no duty to update our Forward-Looking Statements.

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE)	2010	2009	2008
Net sales	$ 6,089.7	$ 5,900.6	$ 6,137.5
Operating expenses			
Cost of sales (including special charges of $12.6 in 2009)	3,013.8	2,978.0	3,141.6
Selling, general and administrative expenses	2,261.6	2,174.2	2,257.2
Special gains and charges	7.5	67.1	25.9
Operating income	806.8	681.3	712.8
Interest expense, net	59.1	61.2	61.6
Income before income taxes	747.7	620.1	651.2
Provision for income taxes	216.6	201.4	202.8
Net income including noncontrolling interest	531.1	418.7	448.4
Less: Net income attributable to noncontrolling interest	0.8	1.4	0.3
Net income attributable to Ecolab	$ 530.3	$ 417.3	$ 448.1
Earnings attributable to Ecolab per common share			
Basic	$ 2.27	$ 1.76	$ 1.83
Diluted	$ 2.23	$ 1.74	$ 1.80
Dividends declared per common share	$ 0.6400	$ 0.5750	$ 0.5300
Weighted-average common shares outstanding			
Basic	233.4	236.7	245.4
Diluted	237.6	239.9	249.3

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

CONSOLIDATED BALANCE SHEET

DECEMBER 31 (MILLIONS)	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 242.3	$ 73.6
Accounts receivable, net	999.6	1,016.1
Inventories	447.6	493.4
Deferred income taxes	78.9	83.9
Other current assets	101.5	147.2
Total current assets	1,869.9	1,814.2
Property, plant and equipment, net	1,148.3	1,176.2
Goodwill	1,329.3	1,414.1
Other intangible assets, net	282.5	312.5
Other assets	242.2	303.9
Total assets	$ 4,872.2	$ 5,020.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	$ 189.2	$ 98.5
Accounts payable	349.3	360.9
Compensation and benefits	308.1	302.1
Income taxes	36.7	21.8
Other current liabilities	441.5	466.9
Total current liabilities	1,324.8	1,250.2
Long-term debt	656.4	868.8
Postretirement health care and pension benefits	565.8	603.7
Other liabilities	192.2	288.6
Shareholders' equity (a)		
Common stock	333.1	329.8
Additional paid-in capital	1,310.2	1,179.3
Retained earnings	3,279.1	2,898.1
Accumulated other comprehensive loss	(271.9)	(232.9)
Treasury stock	(2,521.3)	(2,173.4)
Total Ecolab shareholders' equity	2,129.2	2,000.9
Noncontrolling interest	3.8	8.7
Total equity	2,133.0	2,009.6
Total liabilities and equity	$ 4,872.2	$ 5,020.9

(a) Common stock, 400.0 million shares authorized, $1.00 par value, 232.5 million shares outstanding at December 31, 2010, 236.6 million shares outstanding at December 31, 2009.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31 (MILLIONS)	2010	2009	2008
OPERATING ACTIVITIES			
Net income including noncontrolling interest	$ 531.1	$ 418.7	$ 448.4
Adjustments to reconcile net income including noncontrolling interest to cash provided by operating activities:			
Depreciation and amortization	347.9	334.3	334.7
Deferred income taxes	(31.1)	88.1	80.6
Share-based compensation expense	29.2	37.3	33.6
Excess tax benefits from share-based payment arrangements	(16.9)	(7.7)	(8.2)
Pension and postretirement plan contributions	(46.6)	(263.7)	(112.4)
Pension and postretirement plan expense	90.8	82.0	73.6
Restructuring, net of cash paid	—	22.4	—
Gain on sale of plant	—	—	(24.5)
Business write-downs and closures	—	2.4	19.1
Other, net	1.8	12.9	5.3
Changes in operating assets and liabilities:			
Accounts receivable	(39.3)	45.1	(89.9)
Inventories	18.6	13.0	(57.5)
Other assets	42.4	(30.7)	6.8
Accounts payable	6.8	(25.1)	30.0
Other liabilities	15.7	(34.0)	13.6
Cash provided by operating activities	950.4	695.0	753.2
INVESTING ACTIVITIES			
Capital expenditures	(260.5)	(252.5)	(326.7)
Capitalized software expenditures	(37.2)	(44.8)	(67.8)
Property sold	2.6	11.7	36.4
Businesses acquired and investments in affiliates, net of cash acquired	(43.4)	(14.4)	(203.8)
Sale of businesses	16.0	0.7	2.2
Receipt from indemnification escrow	21.0	—	—
Deposit into indemnification escrow	(2.1)	—	(21.0)
Cash used for investing activities	(303.6)	(299.3)	(580.7)
FINANCING ACTIVITIES			
Net issuances (repayments) of commercial paper and notes payable	(66.6)	(244.0)	(67.8)
Long-term debt borrowings	—	—	257.7
Long-term debt repayments	(7.4)	(6.4)	(3.9)
Reacquired shares	(348.8)	(68.8)	(337.2)
Cash dividends paid on common stock	(145.5)	(132.7)	(128.5)
Exercise of employee stock options	89.2	46.4	36.4
Excess tax benefits from share-based payment arrangements	16.9	7.7	8.2
Other, net	—	—	(0.5)
Cash used for financing activities	(462.2)	(397.8)	(235.6)
Effect of exchange rate changes on cash and cash equivalents	(15.9)	9.0	(7.6)
Increase (decrease) in cash and cash equivalents	168.7	6.9	(70.7)
Cash and cash equivalents, beginning of year	73.6	66.7	137.4
Cash and cash equivalents, end of year	$ 242.3	$ 73.6	$ 66.7
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	$ 209.6	$ 143.5	$ 100.4
Interest paid	63.3	66.4	64.3

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EQUITY

MILLIONS	COMMON STOCK (ECOLAB SHAREHOLDERS)	ADDITIONAL PAID-IN CAPITAL (ECOLAB SHAREHOLDERS)	RETAINED EARNINGS (ECOLAB SHAREHOLDERS)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (ECOLAB SHAREHOLDERS)	TREASURY STOCK (ECOLAB SHAREHOLDERS)	TOTAL ECOLAB SHAREHOLDERS' EQUITY (ECOLAB SHAREHOLDERS)	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance December 31, 2007	$ 326.5	$ 1,015.2	$ 2,298.4	$ 63.1	$ (1,767.5)	$ 1,935.7	$ 7.2	$ 1,942.9
Net income			448.1			448.1	0.3	448.4
Cumulative translation adjustment				(233.6)		(233.6)	(0.1)	(233.7)
Derivative instruments				13.8		13.8		13.8
Unrealized gains (losses) on securities				(0.4)		(0.4)	(0.2)	(0.6)
Pension and postretirement benefits				(202.0)		(202.0)		(202.0)
Total comprehensive income						25.9	—	25.9
Distributions to noncontrolling interests							(1.1)	(1.1)
Initial investment by noncontrolling interest							1.3	1.3
Cash dividends declared			(129.5)			(129.5)		(129.5)
Stock options and awards	1.5	75.3			(0.1)	76.7		76.7
Reacquired shares					(337.2)	(337.2)		(337.2)
Balance December 31, 2008	328.0	1,090.5	2,617.0	(359.1)	(2,104.8)	1,571.6	7.4	1,579.0
Net income			417.3			417.3	1.4	418.7
Cumulative translation adjustment				199.3		199.3	0.3	199.6
Derivative instruments				(12.0)		(12.0)		(12.0)
Unrealized gains (losses) on securities				0.3		0.3	0.1	0.4
Pension and postretirement benefits				(61.4)		(61.4)		(61.4)
Total comprehensive income						543.5	1.8	545.3
Distributions to noncontrolling interests							(0.3)	(0.3)
Purchase of shares from noncontrolling interest							(0.2)	(0.2)
Cash dividends declared			(136.2)			(136.2)		(136.2)
Stock options and awards	1.8	88.8			0.2	90.8		90.8
Reacquired shares					(68.8)	(68.8)		(68.8)
Balance December 31, 2009	329.8	1,179.3	2,898.1	(232.9)	(2,173.4)	2,000.9	8.7	2,009.6
Net income			530.3			530.3	0.8	531.1
Cumulative translation adjustment				(78.1)		(78.1)	(1.0)	(79.1)
Derivative instruments				0.2		0.2		0.2
Unrealized gains (losses) on securities				0.2		0.2		0.2
Pension and postretirement benefits				38.7		38.7		38.7
Total comprehensive income						491.3	(0.2)	491.1
Sale of noncontrolling interest							(4.7)	(4.7)
Cash dividends declared			(149.3)			(149.3)		(149.3)
Stock options and awards	3.3	130.9			0.9	135.1		135.1
Reacquired shares					(348.8)	(348.8)		(348.8)
Balance December 31, 2010	$ 333.1	$ 1,310.2	$ 3,279.1	$ (271.9)	$ (2,521.3)	$ 2,129.2	$ 3.8	$ 2,133.0

COMMON STOCK ACTIVITY

YEAR ENDED DECEMBER 31 (SHARES)	2010 COMMON STOCK	2010 TREASURY STOCK	2009 COMMON STOCK	2009 TREASURY STOCK	2008 COMMON STOCK	2008 TREASURY STOCK
Shares, beginning of year	329,825,650	(93,230,909)	327,953,382	(91,773,833)	326,530,856	(79,705,760)
Stock options, shares	3,315,760	98,332	1,872,268	56,810	1,422,526	60,932
Stock awards, net issuances		112,080		27,342		45,336
Reacquired shares		(7,608,162)		(1,541,228)		(12,174,341)
Shares, end of year	333,141,410	(100,628,659)	329,825,650	(93,230,909)	327,953,382	(91,773,833)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Ecolab Inc. (the "company") develops and markets premium products and services for the hospitality, foodservice, healthcare and industrial markets. The company provides cleaning and sanitizing products and programs, as well as pest elimination, maintenance and repair services primarily to customers in the foodservice, food and beverage processing, hospitality, healthcare, government and education, retail, textile care, commercial facilities management and vehicle wash sectors.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the company and all majority-owned subsidiaries. International subsidiaries are included in the financial statements on the basis of their November 30 fiscal year-ends to facilitate the timely inclusion of such entities in the company's consolidated financial reporting. All intercompany transactions and profits are eliminated in consolidation.

Use of Estimates

The preparation of the company's financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. The company's critical accounting estimates include revene recognition, valuation allowances and accrued liabilities, actuarial determined liabilities, share-based compensation, income taxes, long-lived assets, intangible assets and goodwill.

Foreign Currency Translation

Financial position and results of operations of the company's international subsidiaries are measured using local currencies as the functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect at each fiscal year end. The translation adjustments related to assets and liabilities that arise from the use of differing exchange rates from period to period are included in accumulated other comprehensive loss in shareholders' equity. Income statement accounts are translated at average rates of exchange prevailing during the year. The company evaluates its International operations based on fixed rates of exchange; however, the different exchange rates from period to period impact the amount of reported income from consolidated operations.

Cash and Cash Equivalents

Cash equivalents include highly-liquid investments with a maturity of three months or less when purchased.

Allowance For Doubtful Accounts

The company estimates the balance of allowance for doubtful accounts by analyzing accounts receivable balances by age and applying historical write-off trend rates. The company's estimates include separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

The company's allowance for doubtful accounts balance includes an allowance for the expected return of products shipped and credits related to pricing or quantities shipped of approximately $7 million, $10 million and $9 million as of December 31, 2010, 2009 and 2008, respectively. Returns and credit activity is recorded directly to sales.

The following table summarizes the activity in the allowance for doubtful accounts:

MILLIONS	2010	2009	2008
Beginning balance	$ 52	$ 44	$ 43
Bad debt expense	18	27	23
Write-offs	(20)	(23)	(20)
Other*	(5)	4	(2)
Ending balance	$ 45	$ 52	$ 44

* Other amounts are primarily the effects of changes in currency translation, allowance for returns and credits, and acquisitions.

Inventory Valuations

Inventories are valued at the lower of cost or market. U.S. chemical inventory costs are determined on a last-in, first-out (LIFO) basis. LIFO inventories represented 22% of consolidated inventories as of December 31, 2010 and 2009. All other inventory costs are determined on a first-in, first-out (FIFO) basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Merchandising equipment consists principally of various systems that dispense the company's cleaning and sanitizing products and dishwashing machines. The dispensing systems are accounted for on a mass

asset basis, whereby equipment is capitalized and depreciated as a group and written off when fully depreciated. The company capitalizes both internal and external costs of development or purchase of computer software for internal use. Costs incurred for data conversion, training and maintenance associated with capitalized software are expensed as incurred.

Depreciation is charged to operations using the straight-line method over the assets' estimated useful lives ranging from 5 to 40 years for buildings and leasehold improvements, 3 to 11 years for machinery and equipment and 3 to 7 years for merchandising equipment and capital software. Total depreciation expense was $306 million, $290 million and $286 million for 2010, 2009 and 2008, respectively. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and improvements, which significantly extend the useful lives of existing plant and equipment, are capitalized and depreciated.

Upon retirement or disposition of plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets arise principally from business acquisitions. Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired. Other intangible assets primarily include customer relationships, trademarks, patents, customer lists and other technology. The fair value of identifiable intangible assets is estimated based upon discounted future cash flow projections and other acceptable valuation methods. Other intangible assets are amortized on a straight-line basis over their estimated economic lives. The weighted-average useful life of other intangible assets was 13 years as of December 31, 2010 and 2009.

The weighted-average useful life by type of asset at December 31, 2010 is as follows:

NUMBER OF YEARS	
Customer relationships	12
Trademarks	19
Patents	13
Other technology	10

The straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained by the company in each reporting period. The company evaluates the remaining useful life of its intangible assets that are being amortized each reporting period to determine whether events and circumstances warrant a reduction to the remaining period of amortization. If the estimate of an intangible asset's remaining useful life is reduced, the remaining carrying amount of the intangible asset will be amortized prospectively over that revised remaining useful life. Total amortization expense related to other intangible assets during the last three years and future estimated amortization is as follows:

MILLIONS		
2008	$	48
2009		42
2010		41
2011		42
2012		40
2013		38
2014		29
2015		25

The company tests goodwill for impairment on an annual basis during the second quarter. The company's reporting units are its operating segments. If circumstances change significantly, the company would also test a reporting unit for impairment during interim periods between the annual tests. An impairment charge is recognized for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples are used to corroborate the results of the discounted cash flow method. Based on the company's testing, there has been no impairment of goodwill during the three years ended December 31, 2010. There has been no impairment of goodwill since the adoption of FASB guidance for goodwill and other intangibles on January 1, 2002.

During the second quarter ended June 30, 2010, the company completed its annual test for goodwill impairment. The company determined GCS Service required an updated fair value calculation due to soft sales and continued operating losses. The company uses both a discounted cash flow analysis and market valuations, including similar company market multiples and comparable transactions, to assess fair value. The estimated fair value of the GCS Service business is based on a probability weighted-average of these various measures. Based on this analysis, it was determined that the fair value of GCS Service reporting unit would have to decline by approximately 30% to indicate the potential for an impairment of their goodwill. Therefore, the company believes that the estimated fair value of the GCS Service reporting unit substantially exceeds its carrying value and no adjustment to the $43 million carrying value of goodwill is necessary. The key assumptions utilized in determining fair value are revenue growth rates, operating margins and factors that impact the company's weighted-average cost of capital, including interest rates. Of these factors, the fair value estimate is most sensitive to changes in revenue growth rates which could be adversely impacted by continued difficult economic conditions, uncertainty in the U.S. foodservice markets and the timing of adding new customers. GCS Service is included in the company's U.S. Other Services reportable segment.

The changes in the carrying amount of goodwill for each of the company's reportable segments are as follows:

MILLIONS	U.S. CLEANING & SANITIZING	U.S. OTHER SERVICES	TOTAL U.S.	INTL	TOTAL
December 31, 2008	$ 443.6	$ 50.5	$ 494.1	$ 773.6	$ 1,267.7
Business acquisitions [1]	3.2		3.2	2.0	5.2
Business disposals				(0.2)	(0.2)
Foreign currency translation				141.4	141.4
December 31, 2009	446.8	50.5	497.3	916.8	1,414.1
Business acquisitions [1]	**7.6**		**7.6**	**0.7**	**8.3**

Business disposals				(2.6)	(2.6)
Foreign currency translation				(90.5)	(90.5)
December 31, 2010	$ 454.4	$ 50.5	$ 504.9	$ 824.4	$ 1,329.3

[1] For 2010 and 2009, goodwill acquired is not expected to be tax deductible.

Long-Lived Assets

The company periodically reviews its long-lived assets for impairment and assesses whether significant events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss may be recognized when the carrying amount of an asset exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's carrying value over its fair value.

Revenue Recognition

The company recognizes revenue as services are performed or on product sales at the time title to the product and risk of loss transfers to the customer. The company's sales policies do not provide for general rights of return. Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest. The company records estimated reductions to revenue for customer programs and incentive offerings, including pricing arrangements, promotions and other volume-based incentives at the time the sale is recorded. The company also records estimated reserves for anticipated uncollectible accounts and for product returns and credits at the time of sale.

Earnings Per Common Share

The computations of the basic and diluted earnings attributable to Ecolab per share amounts were as follows:

MILLIONS EXCEPT PER SHARE	2010	2009	2008
Net income attributable to Ecolab	$ 530.3	$ 417.3	$ 448.1
Weighted-average common shares outstanding			
Basic	233.4	236.7	245.4
Effect of dilutive stock options, units and awards	4.2	3.2	3.9
Diluted	237.6	239.9	249.3
Earnings attributable to Ecolab per common share			
Basic	$ 2.27	$ 1.76	$ 1.83
Diluted	$ 2.23	$ 1.74	$ 1.80
Anti-dilutive securities excluded from the computation of earnings per share	6.2	11.4	5.6

Share-Based Compensation

The company measures compensation expense for share-based awards at fair value at the date of grant and recognizes compensation expense over the service period for awards expected to vest. Grants to retirement eligible recipients (age 55 with required years of service) are attributed to expense using the non-substantive vesting method and are fully expensed over a six month period following the date of grant. In addition, the company includes a forfeiture estimate in the amount of compensation expense being recognized based on an estimate of the number of outstanding awards expected to vest.

Comprehensive Income

Comprehensive income includes net income, foreign currency translation adjustments, unrecognized gains and losses on securities, unrecognized actuarial gains and losses on pension and postretirement liabilities, gains and losses on derivative instruments designated and effective as cash flow hedges and nonderivative instruments designated and effective as foreign currency net investment hedges that are charged or credited to the accumulated other comprehensive loss account in shareholders' equity.

Derivative Instruments and Hedging

The company uses foreign currency forward contracts, interest rate swaps and foreign currency debt to manage risks generally associated with foreign exchange rates, interest rates and net investments in foreign operations. The company does not hold derivative financial instruments of a speculative nature.

All of the company's derivatives are recognized on the balance sheet at their fair value. The earnings impact resulting from the change in fair value of the derivative instruments is recorded in the same line item in the consolidated statement of income as the underlying exposure being hedged. See Note 8 for additional information on the company's hedging activities.

New Accounting Pronouncements

There were no new accounting pronouncements that were issued or became effective that have had or are expected to have a material impact on the company's consolidated financial statements.

3. SPECIAL GAINS AND CHARGES

Special gains and charges reported on the Consolidated Statement of Income included the following items:

MILLIONS	2010	2009	2008
Cost of sales			
Restructuring charges	$ —	$ 12.6	$ —
Special gains and charges			
Restructuring charges	—	59.9	—
Venezuela currency devaluation	4.2	—	—
Business structure and optimization	10.9	2.8	25.6
Business write-downs and closures	(1.4)	2.4	19.1
Gain on sale of plant	—	—	(24.0)
Gain on sale of businesses	—	—	(1.7)
Gain on sale of investment	(5.9)	—	—
Other items	(0.3)	2.0	6.9
Total	7.5	67.1	25.9
Total special gains and charges	$ 7.5	$ 79.7	$ 25.9

For segment reporting purposes, special gains and charges have been included in the company's corporate segment, which is consistent with the company's internal management reporting.

Special gains and charges in 2010 include costs to optimize the company's business structure. In the third quarter of 2010, the company sold an investment in a small U.S. business and recognized a gain on the sale. The investment was not material to the company's consolidated results of operations or financial position.

Beginning in 2010, Venezuela has been designated hyper-inflationary and as such all foreign currency fluctuations are now recorded in income. On January 8, 2010 the Venezuelan government devalued its currency, the Bolivar Fuerte. As a result of the devaluation, the company recorded a charge in the first quarter of 2010 as shown in the table above due to the remeasurement of the local balance sheet using the "official" rate of exchange for the Bolivar Fuerte.

As previously disclosed, in 2009, the company completed restructuring and other cost-saving actions in order to streamline operations and improve efficiency and effectiveness. The restructuring plan included a reduction of the company's global workforce and the reduction of plant and distribution center locations during 2009. As a result of these actions, the company recorded restructuring charges of $72.5 million ($52.0 million after tax) during 2009. The restructuring plan was finalized and all actions, except for certain cash payments, were completed during 2009.

The 2009 restructuring charges and subsequent reductions to the related liability accounts include the following:

MILLIONS	EMPLOYEE TERMINATION COSTS	DISPOSALS	OTHER	TOTAL
Twelve months ended December 31, 2009				
Recorded expense and accrual	$ 65.3	$ 3.2	$ 4.0	$ 72.5
Cash payments	(48.9)		(1.2)	(50.1)
Non-cash charges		(3.2)	(1.4)	(4.6)
Currency translation	2.2			2.2
Restructuring liability, December 31, 2009	18.6	—	1.4	20.0
Twelve months ended December 31, 2010				
Cash payments	(15.6)		(1.0)	(16.6)
Currency translation	(0.6)			(0.6)
Restructuring liability, December 31, 2010	$ 2.4	$ —	$ 0.4	$ 2.8

Restructuring charges on the Consolidated Statement of Income have been included both as a component of cost of sales and as a component of special gains and charges. Amounts included as a component of cost of sales include asset write-downs and manufacturing related severance. Restructuring liabilities have been classified as a component of other current liabilities on the Consolidated Balance Sheet.

Employee termination costs include personnel reduction related costs for severance, benefits and outplacement services. Asset disposals include inventory and intangible asset write-downs related to the discontinuance of product lines which are not consistent with the company's long-term strategies. Other charges include one-time curtailment and settlement charges related to the company's International pension plans and U.S. postretirement health care benefits plan, and lease terminations.

Special gains and charges in 2008 include a charge of $19.1 million recorded in the fourth quarter, for the write-down of investments in an energy management business and the closure of two small non-strategic healthcare businesses, as well as costs

to optimize the company's business structure, including costs related to establishing the new European headquarters in Zurich, Switzerland. These charges were partially offset by a gain of $24.0 million from the sale of a plant in Denmark recorded in the second quarter and a $1.7 million gain related to the sale of a business in the U.K. recorded in the first quarter.

4. RELATED PARTY TRANSACTIONS

Henkel AG & Co. KGaA ("Henkel") beneficially owned 72.7 million Ecolab common shares, or approximately 29.4%, of the company's outstanding common shares on December 31, 2007. In November 2008, Henkel completed the sale of all 72.7 million shares held and is no longer a related party. As part of the sale transaction, the company repurchased 11.3 million shares directly from Henkel for $300 million.

The company and its affiliates sold products and services in the aggregate amount of $8 million in 2008 to Henkel or its affiliates. The company purchased products and services in the amount of $73 million in 2008, from Henkel or its affiliates. The transactions with Henkel and its affiliates were made in the ordinary course of business and were negotiated at arm's length.

5. BUSINESS ACQUISITIONS AND DISPOSITIONS

Significant business acquisitions made by the company were as follows:

BUSINESS/ASSETS ACQUIRED	DATE OF ACQUISITION	SEGMENT	ESTIMATED ANNUAL SALES PRE-ACQUISITION (MILLIONS) (UNAUDITED)
2010			
Dober laundry division	September	U.S. C&S (Textile Care)	**$ 37**
2009			
ISS	October	International (EMEA)	6
Stackhouse	February	U.S. C&S (Healthcare)	4
2008			
Ecovation, Inc.	February	U.S. C&S (Food & Beverage)	50
Novartis-Ireland dairy hygiene business	January	International (EMEA)	3

In November 2010, the company announced it has agreed to purchase the assets of O.R. Solutions, Inc., a privately-held developer and marketer of surgical fluid warming and cooling systems in the U.S. Annual sales of the business to be acquired are approximately $55 million. The purchase price is approximately $260 million. As of the date of this report, the transaction has not yet been completed. Completion of the transaction is subject to receipt of regulatory clearance and satisfaction of other customary closing conditions.

In December 2010, subsequent to the company's 2010 year end for international operations, the company completed the purchase of selected assets of the Cleantec business of Campbell Brothers Ltd. in Australia. Cleantec is a developer, manufacturer and marketer of cleaning and hygiene products principally within the Australian food and beverage processing, food service, hospitality and commercial laundry markets. Annual sales of the business acquired are approximately $55 million.

In September 2010, the company acquired the commercial laundry division of Dober Chemical Corp. The acquisition strengthens the company's U.S. and Canada Textile Care business by adding customer relationships and business scale, as well as important customer technology.

In February 2008, the company acquired Ecovation, Inc., a Rochester, N.Y. area-based provider of renewable energy solutions and effluent management systems primarily for the food and beverage manufacturing industry in the U.S., including dairy, beverage, and meat and poultry producers. The company recorded a $21 million contingent liability related to the acquisition and deposited $21 million into an escrow account at the time of closing. In 2010, final payment on the acquisition was settled and $4 million was paid to the seller and the remaining $17 million was returned to the company.

The business acquisitions have been accounted for as purchases and, accordingly, the results of their operations have been included in the financial statements of the company from the dates of acquisition. Acquisitions in 2010, 2009 and 2008 were not material to the company's consolidated financial statements; therefore pro forma financial information is not presented. The aggregate purchase price of acquisitions and investments in affiliates has been reduced for any cash or cash equivalents acquired with the acquisitions.

Based upon purchase price allocations, the components of the aggregate cash paid for acquisitions and investment in affiliates are shown in the table below.

MILLIONS	**2010**	2009	2008
Net tangible assets acquired (liabilities assumed)	**$ 17**	$ (1)	$ 15
Identifiable intangible assets			
Customer relationships	**11**	3	11
Patents	**—**	1	26
Trademarks	**1**	1	16
Other intangibles	**6**	5	10
Total	**18**	10	63
Goodwill	**8**	5	126

Net cash paid for acquistions	$	43	$	14	$	204

In August 2010, the company sold an investment in a small U.S. business and realized a gain of $5.9 million. The gain was reported in special gains and charges.

The company had no significant business dispositions in 2009 or 2008.

6. BALANCE SHEET INFORMATION

DECEMBER 31 (MILLIONS)	2010	2009
Accounts receivable, net		
Accounts receivable	$ 1,044.5	$ 1,068.5
Allowance for doubtful accounts	(44.9)	(52.4)
Total	$ 999.6	$ 1,016.1
Inventories		
Finished goods	$ 254.2	$ 293.4
Raw materials and parts	216.1	222.9
Inventories at FIFO cost	470.3	516.3
Excess of FIFO cost over LIFO cost	(22.7)	(22.9)
Total	$ 447.6	$ 493.4
Property, plant and equipment, net		
Land	$ 28.4	$ 28.8
Buildings and improvements	279.9	281.0
Leasehold improvements	75.9	69.5
Machinery and equipment	699.1	718.0
Merchandising equipment	1,419.2	1,424.2
Capitalized software	321.2	236.6
Construction in progress	48.9	108.4
	2,872.6	2,866.5
Accumulated depreciation	(1,724.3)	(1,690.3)
Total	$ 1,148.3	$ 1,176.2
Other intangible assets, net		
Cost		
Customer relationships	$ 276.0	$ 296.0
Trademarks	111.3	115.7
Patents	79.0	74.8
Customer lists	5.6	5.6
Other	73.3	68.6
	545.2	560.7
Accumulated amortization		
Customer relationships	(159.5)	(157.7)
Trademarks	(41.0)	(39.4)
Patents	(28.2)	(22.5)
Customer lists	(5.5)	(5.5)
Other	(28.5)	(23.1)
Total	$ 282.5	$ 312.5
Other assets		
Deferred income taxes	$ 112.0	$ 139.6
Pension	1.5	9.8
Other	128.7	154.5
Total	$ 242.2	$ 303.9

DECEMBER 31 (MILLIONS)	2010	2009
Short-term debt		
Commercial paper	$ —	$ 74.4
Notes payable	32.4	16.2
Long-term debt, current maturities	156.8	7.9
Total	$ 189.2	$ 98.5
Other current liabilities		
Discounts and rebates	$ 220.7	$ 218.5
Dividends payable	40.7	36.8
Interest payable	9.3	9.6
Taxes payable, other than income	49.2	57.8
Foreign exchange contracts	5.1	5.7
Restructuring	2.8	20.0
Other	113.7	118.5
Total	$ 441.5	$ 466.9
Long-term debt		
4.875% senior notes, due 2015	$ 248.8	$ 248.5
4.355% series A senior notes, due 2013	162.3	187.6
4.585% series B senior notes, due 2016	227.2	262.6
6.875% notes, due 2011	150.0	149.9

Capital lease obligations	17.5	18.1
Other	7.4	10.0
	813.2	876.7
Long-term debt, current maturities	(156.8)	(7.9)
Total	$ 656.4	$ 868.8
Other liabilities		
Deferred income taxes	$ 65.3	$ 86.7
Income taxes payable - noncurrent	38.1	82.7
Other	88.8	119.2
Total	$ 192.2	$ 288.6
Accumulated other comprehensive loss		
Unrealized gain (loss) on derivative financial instruments, net of tax	$ (3.3)	$ (3.7)
Unrecognized pension and postretirement benefit expense, net of tax	(387.4)	(426.1)
Cumulative translation, net of tax	118.8	196.9
Total	$ (271.9)	$ (232.9)

The company has a $600 million multicurrency credit agreement with a consortium of banks that has a term through June 1, 2012. The company has the option of borrowing based on various short-term interest rates. No amounts were outstanding under this agreement at year-end 2010 and 2009.

The multicurrency credit agreement supports the company's $600 million U.S. commercial paper program and its $200 million European commercial paper program. Total combined borrowing under both programs may not exceed $600 million. The company had no outstanding U.S. commercial paper at December 31, 2010. The company had $74 million in outstanding U.S. commercial paper at December 31, 2009, with an average annual interest rate of 0.1% . The company had no commercial paper outstanding under its European commercial paper program at December 31, 2010 or 2009. Both programs were rated A-1 by Standard & Poor's and P-1 by Moody's as of December 31, 2010.

As of December 31, 2010 and 2009 the company had current notes payable of $32.4 million and $16.2 million, respectively. The weighted-average interest rate on notes payable was 6.0% in 2010 and 9.5% in 2009.

In February 2008, the company issued and sold $250 million aggregate principal amount of senior unsecured notes that mature in 2015 at a rate of 4.875% . The proceeds were used to refinance outstanding commercial paper and for general corporate purposes. The notes are not subject to prepayment except where there is a Change of Control as defined in the Supplemental Indenture

dated February 8, 2008 and there is a resulting ratings downgrade to below investment grade. Upon consolidation or merger, the company will offer to prepay all of the notes at 101% of the principal outstanding plus accrued interest. In the event of a default by the company under the Supplemental Indenture, the notes may immediately become due and payable for the unpaid principal amount and accrued interest. The notes are subject to covenants regarding the amount of indebtedness secured by liens and certain sale and leaseback transactions.

The company also has outstanding euro 300 million ($389 million as of December 31, 2010) aggregate principal amount of the company's senior notes in two series: 4.355% Series A Senior Notes due 2013 in the aggregate principal amount of euro 125 million and 4.585% Series B Senior Notes due 2016 in the aggregate principal amount of euro 175 million, pursuant to a Note Purchase Agreement dated July 26, 2006.

As of December 31, 2010, the aggregate annual maturities of long-term debt for the next five years were:

MILLIONS		
2011	$	157
2012		7
2013		166
2014		4
2015		252

In February 2011, the company repaid its $150 million 6.875% notes when they became due. These notes are included in the 2011 amount in the table above.

7. INTEREST

MILLIONS	2010	2009	2008
Interest expense	$ 65.6	$ 67.5	$ 70.8
Interest income	(6.5)	(6.3)	(9.2)
Interest expense, net	$ 59.1	$ 61.2	$ 61.6

8. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

Fair Value of Financial Instruments

The company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, commercial paper, notes payable, foreign currency forward contracts and long-term debt.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, commercial paper and notes payable, approximate fair value because of their short maturities. The carrying amount of foreign exchange contracts is at fair value, which is determined based on foreign currency exchange rates as of the balance sheet date (level 2 - significant other observable inputs). The carrying amount and the estimated fair value of long-term debt, including current maturities, held by the company were:

DECEMBER 31 (MILLIONS)	2010		2009	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Long-term debt (including current maturities)	$ 813.2	$ 850.6	$ 876.7	$ 908.7

The fair value of long-term debt is based on quoted market prices for the same or similar debt instruments. The company has concluded that it does not have any amounts of financial assets and liabilities measured using the company's own assumptions of fair market value (level 3 - unobservable inputs).

Derivative Instruments and Hedging

The company uses foreign currency forward contracts, interest rate swaps and foreign currency debt to manage risks associated with foreign currency exchange rates, interest rates and net investments in foreign operations. The company records all derivatives as assets and liabilities on the balance sheet at fair value. Changes in fair value are recognized immediately in earnings unless the derivative qualifies and is designated as a hedge. The effective portion of changes in fair value of hedges is initially recognized in accumulated other comprehensive income ("AOCI") on the Consolidated Balance Sheet. Amounts recorded in AOCI are reclassified into earnings in the same period or periods during which the hedged transactions affect earnings. The company evaluates hedge effectiveness at inception and on an ongoing basis. If a derivative is no longer expected to be effective, hedge accounting is discontinued. Hedge ineffectiveness, if any, is recorded in earnings.

The company does not hold derivative financial instruments of a speculative nature. The company is exposed to credit loss in the event of nonperformance of counterparties for foreign currency forward exchange contracts and interest rate swap agreements. The company monitors its exposure to credit risk by using credit approvals and credit limits and by selecting major international banks and financial institutions as counterparties. The company does not anticipate nonperformance by any of these counterparties.

Derivatives Designated as Cash Flow Hedges

The company utilizes foreign currency forward contracts to hedge the effect of foreign currency exchange rate fluctuations on forecasted foreign currency transactions, including: sales, inventory purchases, and intercompany royalty and management fee payments. These forward contracts are designated as cash flow hedges. The effective portions of the changes in fair value of these contracts are recorded in AOCI until the hedged items affect earnings, at which time the gain or loss is reclassified into the same line item in the Consolidated Statement of Income as the underlying exposure being hedged. All hedged transactions are forecasted to occur within the next twelve months.

The company occasionally enters into interest rate swap contracts to manage interest rate exposures. In 2006 the company entered into and subsequently closed two forward starting swap contracts related to the issuance of its senior euro notes. The settlement payment was recorded in AOCI and is recognized in earnings as part of interest expense over the remaining life of the notes as the forecasted interest transactions occur.

Derivatives Not Designated as Hedging Instruments

The company also uses foreign currency forward contracts to offset its exposure to the change in value of certain foreign currency denominated assets and liabilities, primarily receivables and payables. Although the contracts are effective economic hedges, they are not designated as accounting hedges. Therefore, changes in the value of these derivatives are recognized immediately in earnings, thereby offsetting the current earnings effect of the related foreign currency denominated assets and liabilities.

The following table summarizes the fair value of the company's outstanding derivatives as of December 31. The amounts are included in other current assets and other current liabilities on the company's balance sheet.

MILLIONS	ASSET DERIVATIVES 2010	ASSET DERIVATIVES 2009	LIABILITY DERIVATIVES 2010	LIABILITY DERIVATIVES 2009
Derivatives designated as hedging instruments:				
Foreign currency forward contracts	**$ 0.5**	$ 0.9	**$ 3.2**	$ 4.1
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts	**1.3**	2.3	**1.9**	1.6
Total	**$ 1.8**	$ 3.2	**$ 5.1**	$ 5.7

The company had foreign currency forward exchange contracts with notional values that totaled $433 million at December 31, 2010, and $356 million at December 31, 2009.

The impact on AOCI and earnings from derivative contracts that qualified as cash flow hedges was as follows:

MILLIONS	LOCATION	2010	2009
Unrealized gain (loss) recognized into AOCI (effective portion)			
Foreign currency forward contracts	AOCI (equity)	**$ (2.5)**	$ (6.9)
Gain (loss) recognized in income (effective portion)			
Foreign currency forward contracts	Sales	**—**	0.8
	Cost of sales	**(4.1)**	5.4
	SG&A	**0.5**	2.8
		(3.6)	9.0
Interest rate swap contract	Interest expense, net	**(0.4)**	(0.4)
	Total	**$ (4.0)**	$ 8.6
Gain (loss) recognized in income (ineffective portion)			
Foreign currency forward contracts	Interest expense, net	**$ (1.2)**	$ (1.3)

The impact on earnings from derivative contracts that are not designated as hedging instruments was as follows:

MILLIONS	LOCATION	2010	2009
Gain (loss) recognized in income			
Foreign currency forward contracts	SG&A	**$ (5.4)**	$ 1.6
	Interest expense, net	**(5.5)**	(7.0)
	Total	**$ (10.9)**	$ (5.4)

The amounts recognized in SG&A above offset the earnings impact of the related foreign currency denominated assets and liabilities. The amounts recognized in interest expense above represent the component of the hedging gains (losses) attributable to the difference between the spot and forward rates of the hedges as a result of interest rate differentials.

Net Investment Hedge

The company designates its euro 300 million ($389 million as of December 31, 2010) senior notes and related accrued interest as a hedge of existing foreign currency exposures related to net investments the company has in certain Euro functional subsidiaries. Accordingly, the transaction gains and losses on the euronotes, which are designated and effective as hedges of the company's net investments, have been included as a component of the cumulative translation adjustment account. Total transaction gains and losses related to the euronotes charged to shareholders' equity were as follows:

MILLIONS	2010	2009
Transaction gains (losses), net of tax	**$ 37.6**	$ (43.9)

9. SHAREHOLDERS' EQUITY

Authorized common stock, par value $1.00 per share, was 400 million shares in 2010, 2009 and 2008. Treasury stock is stated at

cost. Dividends declared per share of common stock were $0.64 for 2010, $0.575 for 2009 and $0.53 for 2008.

The company has 15 million shares, without par value, of authorized but unissued preferred stock. Of these 15 million shares, 0.4 million shares were designated as Series A Junior Participating Preferred Stock and 14.6 million shares were undesignated as of December 31, 2010.

Under the company's shareholder rights plan, one preferred stock purchase right is issued for each outstanding share of the company's common stock. A right entitles the holder, upon occurrence of certain events, to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of $135, subject to adjustment. The rights, however, do not become exercisable unless and until, among other things, any person or group acquires 15% or more of the outstanding common stock of the company, or the company's board of directors declares a holder of 10% or more of the outstanding common stock to be an "adverse person" as defined in the rights plan. Upon the occurrence of either of these events, the rights will become exercisable for common stock of the company (or in certain cases common stock of an acquiring company) having a market value of twice the exercise price of a right. The rights are redeemable under certain circumstances at one cent per right and, unless redeemed earlier, will expire on March 10, 2016.

The company reacquired 7,366,001 shares, 1,225,078 shares and 12,111,836 shares of its common stock in 2010, 2009 and 2008, respectively, through open and private market purchases. The 2008 reacquired shares include 11,346,098 shares purchased from Henkel as discussed in Note 4. The company also reacquired 242,161 shares, 316,150 shares and 62,505 shares of its common stock in 2010, 2009 and 2008, respectively, related to the exercise of stock options and the vesting of stock awards. In February 2010, the company's Board of Directors authorized the repurchase of up to 10 million shares of common stock, including shares to be repurchased under Rule 10b5-1. Shares are repurchased to offset the dilutive effect of share-based compensation and for general corporate purposes. As of December 31, 2010, 5,354,783 shares remained to be purchased under the company's repurchase authority. The company intends to repurchase all shares under this authorization, for which no expiration dates have been established, in open market or privately negotiated transactions, subject to market conditions.

10. STOCK INCENTIVE AND OPTION PLANS

The company's stock incentive and option plans provide for grants of stock options, restricted stock awards and restricted stock unit awards. Common shares available for grant as of December 31 were 11,608,387 for 2010, 2,376,663 for 2009 and 4,746,982 for 2008. Common shares available for grant reflect 12 million shares approved by shareholders in 2010 for issuance under the plans.

Prior to 2009, almost all awards granted were non-qualified stock options. Options are granted to purchase shares of the company's stock at the average daily share price on the date of grant. These options generally expire within ten years from the grant date. The company recognizes compensation expense for these awards on a straight-line basis over the three year vesting period. Stock option grants to retirement eligible recipients are attributed to expense using the non-substantive vesting method. Beginning in 2009, the company changed its annual long-term incentive share-based compensation program from 100% stock options to a new program where the value of awards granted is made up of 50% stock options and 50% performance-based restricted stock unit ("PBRSU") awards.

A summary of stock option activity and average exercise prices is as follows:

SHARES	2010	2009	2008
Granted	**1,783,293**	1,969,241	3,938,035
Exercised	**(3,813,865)**	(2,061,771)	(1,535,554)
Canceled	**(243,607)**	(340,391)	(196,165)
December 31:			
Outstanding	**19,988,025**	22,262,204	22,695,125
Exercisable	**16,091,416**	17,315,445	16,314,069

AVERAGE PRICE PER SHARE	2010	2009	2008
Granted	**$ 48.03**	$ 45.03	$ 36.35
Exercised	**28.46**	24.95	25.33
Canceled	**43.86**	41.68	45.24
December 31:			
Outstanding	**38.66**	36.22	34.51
Exercisable	**37.42**	34.73	32.04

The total intrinsic value of options (the amount by which the stock price exceeded the exercise price of the option on the date of exercise) that were exercised during 2010, 2009 and 2008 was $76 million, $35 million and $34 million, respectively.

Information related to stock options outstanding and stock options exercisable as of December 31, 2010, is as follows:

OPTIONS OUTSTANDING

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED- AVERAGE EXERCISE PRICE
$17.75-27.39	3,017,398	2.3 years	$ 25.60
29.29-34.08	2,666,385	4.7 years	33.74
34.26-35.26	2,197,535	3.9 years	34.50
35.63-36.67	3,273,129	7.9 years	35.63
37.91-45.58	2,931,204	5.6 years	44.61
45.67-48.06	3,333,027	9.2 years	46.92
48.35-51.52	2,569,347	6.5 years	49.49
	19,988,025	5.9 years	38.66

OPTIONS EXERCISABLE

WEIGHTED-

RANGE OF EXERCISE PRICES	OPTIONS EXERCISABLE	AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED- AVERAGE EXERCISE PRICE
$17.75-27.39	3,017,398	2.3 years	$ 25.60
29.29-34.08	2,653,851	4.7 years	33.75
34.26-35.26	2,197,535	3.9 years	34.50
35.63-36.67	2,190,293	7.9 years	35.63
37.91-45.58	2,765,216	5.5 years	44.64
45.67-48.06	697,776	7.9 years	45.89
48.35-51.52	2,569,347	6.5 years	49.49
	16,091,416	5.2 years	37.42

The total aggregate intrinsic value of in-the-money options outstanding as of December 31, 2010 was $239 million. The total aggregate intrinsic value of in-the-money options exercisable as of December 31, 2010 was $213 million.

The lattice (binomial) option-pricing model is used to estimate the fair value of options at grant date. The company's primary employee option grant occurs during the fourth quarter. The weighted-average grant-date fair value of options granted and the significant assumptions used in determining the underlying fair value of each option grant, on the date of grant were as follows:

	2010	2009	2008
Weighted-average grant-date fair value of options granted at market prices	**$ 10.11**	$ 9.59	$ 7.75
Assumptions			
Risk-free rate of return	**2.0%**	2.2%	1.9%
Expected life	**6 years**	5 years	6 years
Expected volatility	**23.1%**	23.3%	23.5%
Expected dividend yield	**1.4%**	1.4%	1.5%

The risk-free rate of return is determined based on a yield curve of U.S. treasury rates from one month to ten years and a period commensurate with the expected life of the options granted. Expected volatility is established based on historical volatility of the company's stock price. The expected dividend yield is determined based on the company's annual dividend amount as a percentage of the average stock price at the time of the grant.

The expense associated with PBRSU awards is based on the average of the high and low share price of the company's common stock on the date of grant, adjusted for the absence of future dividends. The awards vest based on the company achieving a defined performance target and with continued service for a three year period. Upon vesting, the company will issue shares of its common stock such that one award unit equals one share of common stock. The company assesses the probability of achieving the performance target and recognizes expense over the three year vesting period when it is probable the performance target will be met. PBRSU awards granted to retirement eligible recipients are attributed to expense using the non-substantive vesting method. The awards are generally subject to forfeiture in the event of termination of employment.

The expense associated with shares of non-performance based restricted stock and stock units issued under the company's stock incentive plans is based on the average of the high and low share price of the company's common stock on the date of grant, adjusted for the absence of future dividends and is amortized on a straight-line basis over the periods during which the restrictions lapse. The company currently has restricted stock outstanding that vests over periods between 12 and 60 months. Restricted stock awards are generally subject to forfeiture in the event of termination of employment.

A summary of non-vested stock option, PBRSU awards and restricted stock activity is as follows:

NON-VESTED AWARDS

	STOCK OPTIONS	WEIGHTED-AVERAGE FAIR VALUE AT GRANT DATE	PBRSU AWARDS	WEIGHTED-AVERAGE FAIR VALUE AT GRANT DATE	RESTRICTED STOCK AND STOCK UNITS	WEIGHTED-AVERAGE FAIR VALUE AT GRANT DATE
December 31, 2009	4,946,759	$ 9.54	434,640	$ 43.63	93,308	$ 43.05
Granted	1,783,293	10.11	423,890	45.76	110,565	44.79
Vested/Earned	(2,680,325)	9.71	—	—	(33,692)	46.39
Cancelled	(153,118)	9.53	(12,900)	43.63	(3,010)	42.09
December 31, 2010	3,896,609	$ 9.68	845,630	$ 44.70	167,171	$ 43.54

Total compensation expense related to share-based compensation plans was $29 million ($19 million net of tax benefit), $37 million ($24 million net of tax benefit) and $34 million ($22 million net of tax benefit) for 2010, 2009 and 2008, respectively.

As of December 31, 2010, there was $62 million of total measured but unrecognized compensation expense related to non-vested share-based compensation arrangements granted under all of the company's plans. That cost is expected to be recognized over a weighted-average period of 2.1 years.

The company generally issues authorized but previously unissued shares to satisfy stock option exercises. The company has a share repurchase program and generally repurchases shares on the open market to help offset the dilutive effect of share-based compensation.

11. INCOME TAXES

Income before income taxes consisted of:

MILLIONS	2010	2009	2008
Domestic	**$ 497.5**	$ 452.7	$ 402.8
Foreign	**250.2**	167.4	248.4
Total	**$ 747.7**	$ 620.1	$ 651.2

The provision for income taxes consisted of:

MILLIONS	2010	2009	2008
Federal and state	**$ 173.5**	$ 56.3	$ 59.1
Foreign	**74.2**	57.0	63.1
Total current	**247.7**	113.3	122.2
Federal and state	**(26.3)**	93.2	79.1
Foreign	**(4.8)**	(5.1)	1.5
Total deferred	**(31.1)**	88.1	80.6
Provision for income taxes	**$ 216.6**	$ 201.4	$ 202.8

As of December 31, 2010, the company has federal net operating loss carryforwards of approximately $4 million which will be available to offset future taxable income. These carryforwards are expected to be used by 2018. The company also has various state net operating loss carryforwards that expire from 2011 to 2029. The company has recorded a valuation allowance on the portions of the state net operating loss carryforwards not expected to be utilized. As of December 31, 2010, the company has an unrealized capital loss of $9 million related to an investment impairment. The company has recorded a valuation allowance on the unrealized capital loss because it is more likely than not that it will not be realized.

The company's overall net deferred tax assets and deferred tax liabilities were comprised of the following:

DECEMBER 31 (MILLIONS)	2010	2009
Deferred tax assets		
Other accrued liabilities	$ 56.5	$ 62.4
Loss carryforwards	26.1	20.1
Share-based compensation	64.0	65.2
Pension and other comprehensive income	155.5	196.7
Foreign tax credits	22.4	5.1
Other, net	46.1	40.5
Valuation allowance	(11.2)	(14.9)
Total	359.4	375.1
Deferred tax liabilities		
Property, plant and equipment basis differences	106.3	91.6
Intangible assets	132.2	148.9
Other, net	0.6	4.3
Total	239.1	244.8
Net deferred tax assets	$ 120.3	$ 130.3

A reconciliation of the statutory U.S. federal income tax rate to the company's effective income tax rate is as follows:

	2010	2009	2008
Statutory U.S. rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	1.9	2.4	2.3
Foreign operations	(4.5)	(2.7)	(4.1)
Domestic manufacturing deduction	(2.0)	(1.1)	(1.5)
Audit settlements and refunds	(1.3)		
Non-taxable sale of plant and business			(1.5)
U.S.-German tax treaty ratification			(0.8)
Valuation allowance on investment impairment			0.9
Other, net	(0.1)	(1.1)	0.8
Effective income tax rate	29.0%	32.5%	31.1%

As of December 31, 2010, the company had undistributed earnings of international affiliates of approximately $1.0 billion. These earnings are considered to be reinvested indefinitely or available for distribution with foreign tax credits available to offset the amount of applicable income tax and foreign withholding taxes that might be payable on earnings. It is impractical to determine the amount of incremental taxes that might arise if all undistributed earnings were distributed.

The company files income tax returns in the U.S. federal jurisdiction and various U.S. state and international jurisdictions. With few exceptions, the company is no longer subject to state and foreign income tax examinations by tax authorities for years before 2004. The Internal Revenue Service (IRS) has completed examinations of the company's U.S. federal income tax returns through 2006. There are specific positions within the 1999 through 2001 examinations that are still open with the IRS. The U.S. income tax returns for the years 2007 and 2008 are currently under audit. It is reasonably possible for the specific open positions within the 1999 through 2001 examinations to be settled in the next twelve months. The company believes potential settlements could result in a decrease in the company's gross liability for unrecognized tax benefits of up to $33 million during the next twelve months. Decreases in the company's gross liability could result in offsets to other balance sheet accounts, cash payments, and/or adjustments to tax expense. The occurrence of these events and/or other events not included above within the next twelve months could change depending on a variety of factors and result in amounts different from above.

During 2010, the company recognized a net discrete tax benefit of $8.0 million. The net discrete tax benefit in 2010 primarily included recognizing favorable settlements related to the company's 2002 through 2004 U.S. Federal IRS appeals case, a favorable settlement of an income tax audit in Germany for the years 2003 through 2006 and adjustments related to prior year tax reserves. These benefits were partially offset by a $5 million charge due to the passage of the U.S. Patient Protection and Affordable Care Law which changes the tax deductibility related to federal subsidies and resulted in a reduction of the value of the company's deferred tax assets related to the subsidies, as well as the negative impact of international tax costs from optimizing the company's business structure.

During 2009, the company recognized discrete tax charges of $4.5 million related to optimizing its business structure.

During 2008, the company recognized a discrete $5.2 million reduction in income tax expense resulting from a new tax treaty between the U.S. and Germany that went into effect after ratification by the U.S. Senate. As a result of the treaty ratification, the company has greater assurance of favorable resolution on potential disputes between these two countries.

A reconciliation of the beginning and ending amount of gross liability for unrecognized tax benefits is as follows:

MILLIONS	2010	2009	2008
Balance at beginning of year	$ 116.7	$ 110.6	$ 98.6
Additions based on tax positions related to the current year	10.4	16.0	10.9
Additions for tax positions of prior years	0.2	6.0	9.9
Reductions for tax positions of prior years	(9.1)	(5.2)	(4.7)
Reductions for tax positions due to statute of limitations	(6.8)	(8.7)	(0.9)
Settlements	(44.6)	(5.4)	(0.3)
Foreign currency translation	(0.6)	3.4	(2.9)
Balance at end of year	$ 66.2	$ 116.7	$ 110.6

Included in the gross liability for unrecognized tax benefits balance at December 31, 2010 is $54 million of tax positions that, depending on the ultimate resolution, could impact the annual effective tax rate in future periods.

The company recognizes both penalties and interest accrued related to unrecognized tax benefits in the company's provision for income taxes. During the year ended December 31, 2010 the company accrued approximately $2 million in interest. The company had approximately $4 million and $12 million of interest and penalties accrued at December 31, 2010 and 2009, respectively.

12. RENTALS AND LEASES

The company leases sales and administrative office facilities, distribution center facilities, vehicles and other equipment under

operating leases. Rental expense under all operating leases was $121 million in 2010 and 2009 and $124 million in 2008. As of December 31, 2010, future minimum payments under operating leases with non-cancelable terms in excess of one year were:

MILLIONS	
2011	$ 67
2012	49
2013	30
2014	20
2015	15
Thereafter	25
Total	$ 206

The company enters into operating leases for vehicles whose noncancelable terms are one year or less in duration with month-to-month renewal options. These leases have been excluded from the table above. The company estimates payments under such leases will approximate $36 million in 2011. These vehicle leases have guaranteed residual values that have historically been satisfied primarily by the proceeds on the sale of the vehicles.

13. RESEARCH EXPENDITURES

Research expenditures that related to the development of new products and processes, including significant improvements and refinements to existing products are expensed as incurred. Such costs were $88 million in 2010 and $86 million in both 2009 and 2008.

14. COMMITMENTS AND CONTINGENCIES

The company is subject to various claims and contingencies related to, among other things, workers compensation, general liability, automobile claims, health care claims, lawsuits, environmental matters and income taxes. The company also has contractual obligations including lease commitments.

The company records liabilities where a contingent loss is probable and can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred.

Insurance: The company has high deductible insurance policies in the U.S. for workers compensation, general liability and automotive liabi lity losses subject to per occurrence and aggregate annual liability limitations. The company is insured for losses in excess of these limitations. The company has recorded both a liability and an offsetting receivable for amounts in excess of these limitations. The company is self-insured for health care claims for eligible participating employees subject to certain deductibles and limitations. The company determines its liability for claims incurred but not reported on an actuarial basis. Outside of the U.S. the company is fully insured for losses, subject to annual deductibles.

Litigation: The company and certain subsidiaries are party to various lawsuits, claims and environmental actions that have arisen in the ordinary course of business. These include from time to time antitrust, patent infringement, product liability and wage hour lawsuits, as well as possible obligations to investigate and mitigate the effects on the environment of the disposal or release of certain chemical substances at various sites, such as Superfund sites and other operating or closed facilities. Because litigation is inherently uncertain, and unfavorable rulings or developments could occur, there can be no certainty that the company may not ultimately incur charges in excess of presently recorded liabilities. A future adverse ruling, settlement or unfavorable development could result in future charges that could have a material adverse effect on the company's results of operations or cash flows in the period in which they are recorded. The company currently believes that such future charges related to suits and legal claims, if any, would not have a material adverse effect on the company's consolidated financial position.

The company is a defendant in two wage hour lawsuits claiming violations of the Fair Labor Standards Act or a similar state law. One of the suits seeks certification of a national class and the other certification of a state class of certain Institutional division associates. Neither of the suits has been certified for class-action status. The suits are still in their initial phases.

Environmental matters: The company is currently participating in environmental assessments and remediation at twenty locations and environmental liabilities have been accrued reflecting management's best estimate of future costs. The company's reserve for environmental remediation costs was approximately $3 million and $4 million at December 31, 2010 and 2009, respectively. Potential insurance reimbursements are not anticipated in the company's accruals for environmental liabilities.

Lease commitments: Information on the company's lease commitments and future minimum rental commitments under non-cancelable operating leases are disclosed in Note 12.

Taxes: The company is subject to ongoing tax audits in tax jurisdictions around the world. See Note 11 for further information on the company's income taxes.

15. RETIREMENT PLANS

Pension and Postretirement Health Care Benefits Plans

The company has a non-contributory qualified defined benefit pension plan covering most of its U.S. employees. The company also has U.S. non-contributory non-qualified defined benefit plans, which provide for benefits to employees in excess of limits permitted under its U.S. pension plan. The non-qualified plans are not funded and the recorded benefit obligation for the non-qualified plans was $75 million and $74 million at December 31, 2010 and 2009, respectively. The measurement date used for determining the U.S. pension plan assets and obligations is December 31. Various international subsidiaries also have defined benefit pension plans. International plans are funded based on local country requirements. Some of the company's international plans are not required to be fully funded. The measurement date used for determining the international pension plan assets and obligations is November 30, the fiscal year-end of the company's international affiliates.

The company provides postretirement health care benefits to certain U.S. employees. The plan is contributory based on years of service and family status, with retiree contributions adjusted annually. The measurement date used to determine the U.S. postretirement healthcare plan assets and obligations is December 31. Certain employees outside the U.S. are covered under government-sponsored programs, which are not required to be fully funded. The expense and obligation for providing international postretirement health care benefits is not significant.

The following table sets forth financial information related to the company's pension and postretirement health care plans:

MILLIONS	U.S. PENSION [a] 2010	U.S. PENSION [a] 2009	INTERNATIONAL PENSION 2010	INTERNATIONAL PENSION 2009	U.S. POSTRETIREMENT HEALTH CARE 2010	U.S. POSTRETIREMENT HEALTH CARE 2009
Accumulated Benefit Obligation, end of year	$ 1,023.4	$ 905.8	$ 537.4	$ 524.8	$ 159.4	$ 154.6
Projected Benefit Obligation						
Projected benefit obligation, beginning of year	1,092.7	963.1	563.4	373.1	154.6	157.0
Service cost	50.6	47.2	18.9	14.9	2.0	2.0
Interest	62.6	59.0	26.7	24.6	8.8	9.5
Participant contributions			3.2	3.0	3.5	3.4
Medicare subsidies received					0.7	0.6
Curtailments and settlements	(0.6)		(0.1)	(0.6)		1.4
Plan amendments	(39.8)			1.6		
Actuarial loss (gain)	23.1	54.6	34.1	103.0	2.8	(2.7)
Benefits paid	(33.9)	(31.2)	(18.0)	(23.2)	(13.0)	(16.6)
Foreign currency translation			(48.8)	67.0		
Projected benefit obligation, end of year	1,154.7	1,092.7	579.4	563.4	159.4	154.6
Plan Assets						
Fair value of plan assets, beginning of year	898.8	572.7	299.4	225.2	12.7	18.2
Actual returns on plan assets	120.8	127.8	24.9	33.2	2.4	2.4
Company contributions	3.2	229.5	27.4	26.8	16.0	7.4
Participant contributions			3.2	3.0	1.5	1.3
Settlements				(0.6)		
Benefits paid	(33.9)	(31.2)	(18.0)	(23.2)	(13.0)	(16.6)
Foreign currency translation			(18.4)	35.0		
Fair value of plan assets, end of year	988.9	898.8	318.5	299.4	19.6	12.7
Funded Status, end of year	(165.8)	(193.9)	(260.9)	(264.0)	(139.8)	(141.9)
Amounts recognized in Consolidated Balance Sheet:						
Other assets			1.5	9.8		
Other current liabilities	(4.3)	(6.7)	(7.4)	(8.5)	(1.8)	(1.8)
Post retirement healthcare and pension benefits	(161.5)	(187.2)	(255.0)	(265.3)	(138.0)	(140.1)
Net liability	(165.8)	(193.9)	(260.9)	(264.0)	(139.8)	(141.9)
Amounts recognized in Accumulated Other Comprehensive Loss:						
Unrecognized net actuarial loss	499.9	532.8	134.6	121.1	18.1	22.9
Unrecognized net prior service costs (benefits)	(38.0)	2.6	1.2	1.6	0.3	(0.1)
Tax benefit	(179.3)	(207.5)	(41.3)	(37.4)	(8.1)	(9.9)
Accumulated other comprehensive loss, net of tax	282.6	327.9	94.5	85.3	10.3	12.9
Change in Accumulated Other Comprehensive Loss:						
Amortization of net actuarial loss	(24.7)	(15.9)	(4.0)	(2.1)	(0.2)	(4.3)
Amortization of prior service benefits (costs)	(0.5)	(0.5)	(0.4)	(0.3)	0.4	6.5
Current period net actuarial loss (gain)	(7.6)	2.3	26.4	86.2	(4.6)	(3.8)
Current period prior service costs	(39.8)			1.6		
Curtailment	(0.9)					
Tax expense (benefit)	28.2	5.4	(7.7)	(30.4)	1.8	3.1
Foreign currency translation			(5.1)	13.6		
Other comprehensive loss (income)	(45.3)	(8.7)	9.2	68.6	(2.6)	1.5

(a) Includes qualified and non-qualified plans

Estimated amounts in accumulated other comprehensive loss expected to be reclassified to net period cost during 2011 are as follows:

MILLIONS	U.S. PENSION [a]	INTERNATIONAL PENSION	U.S. POSTRETIREMENT HEALTH CARE
Net actuarial loss	$ 31.8	$ 5.3	$ 0.2
Net prior service costs/(benefits)	(4.2)	0.1	0.1

Total	$	27.6	$	5.4	$	0.3

(a) Includes qualified and non-qualified plans

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were as follows:

DECEMBER 31 (MILLIONS)	2010	2009
Aggregate projected benefit obligation	**$ 526.4**	$ 519.4
Accumulated benefit obligation	**478.3**	468.7
Fair value of plan assets	**194.1**	175.5

These plans include various international pension plans and the U.S. postretirement health care plan, which are funded consistent with local practices and requirements. These plans also include the U.S. non-qualified pension plan which is not funded.

Plan Assets

The fair value of plan assets is determined by using a fair value methodology that categorizes the inputs used to measure fair value. The first category is for unadjusted quoted prices in an active market (Level 1). The second category is for values measured using significant observable inputs, such as quoted prices for a similar asset or liability in an active market (Level 2). The third category is for fair value measurements based on significant unobservable inputs (Level 3).

Cash, equity securities and fixed income (Level 1) : Valued at the quoted market prices of shares held by the plans at year-end in the active market on which the individual securities are traded.

Real estate and insurance contracts (Level 2) : Valued based on inputs other than quoted prices that are observable for the securities.

Hedge funds and private equity (Level 3) : Valued based on the net asset values of the underlying partnerships. The net asset values of the partnerships are based on the fair values of the underlying investments of the partnerships. Quoted market prices are used to value the underlying investments of the partnerships, where available.

United States

The allocation and fair value of the company's U.S. plan assets for its defined benefit pension and postretirement health care benefit plans are as follows:

ASSET CATEGORY	TARGET ASSET ALLOCATION PERCENTAGE		PERCENTAGE OF PLAN ASSETS	
DECEMBER 31 (%)	2010	2009	2010	2009
Cash			**2%**	10%
Equity securities:				
Large cap equity	**35%**	35%	**43**	40
Small cap equity	**10**	10	**12**	10
International equity	**13**	13	**13**	12
Fixed income:				
Core fixed income	**22**	22	**20**	19
Other:				
Real estate	**5**	5	**3**	3
Hedge funds	**6**	6	**6**	6
Private equity	**5**	5	**1**	—
Alternative investments	**4**	4	**—**	—
Total	**100%**	100%	**100%**	100%

MILLIONS	FAIR VALUE AS OF DECEMBER 31, 2010			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash	$ 19.7			$ 19.7
Equity securities:				
Large cap equity	433.0			
Small cap equity	120.0			433.0
International equity	135.5			120.0
Fixed income:				135.5
Core fixed income	205.4			205.4
Other:				
Real estate		$ 28.9		28.9
Hedge funds			$ 55.4	55.4
Private equity			10.6	10.6
Total	$ 913.6	$ 28.9	$ 66.0	$ 1,008.5

For those assets that are valued using significant unobservable inputs (level 3), the following is a rollforward of the significant activity for the year:

MILLIONS	HEDGE FUNDS	PRIVATE EQUITY
Beginning balance at December 31, 2009	$ 49.3	$ 3.1
Actual return on plan assets		
Unrealized gains	2.6	1.1
Realized losses	—	(0.2)
Purchases	3.5	6.6
Sales	—	—
Settlements	—	—
Transfers in and/or out	—	—
Ending balance at December 31, 2010	$ 55.4	$ 10.6

The company is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices are not available, a number of methodologies are used to establish fair value estimates, including discounted cash flow models, prices from recently executed transactions of similar securities or broker/dealer quotes using market observable information to the extent possible. The company reviews the values generated by those models for reasonableness and, in some cases, further analyzes and researches values generated to ensure their accuracy, which includes reviewing other publicly available information.

The company's U.S. investment strategy and policies are designed to maximize the possibility of having sufficient funds to meet the long-term liabilities of the pension fund, while achieving a balance between the goals of asset growth of the plan and keeping risk at a reasonable level. Current income is not a key goal of the plan. The asset allocation position reflects the ability and willingness to accept relatively more short-term variability in the performance of the pension plan portfolio in exchange for the expectation of better long-term returns, lower pension costs and better funded status in the long run.

Since diversification is widely recognized as important to reduce unnecessary risk, the pension fund is diversified across a number of asset classes and securities. Selected individual portfolios within the asset classes may be undiversified while maintaining the diversified nature of total plan assets. The company has no significant concentration of risk in its U.S. plan assets.

International

The fair value of the company's international plans and the allocation of plan assets for its defined benefit pension plans are as follows:

ASSET CATEGORY	PERCENTAGE OF PLAN ASSETS	
DECEMBER 31 (%)	**2010**	2009
Cash	**1%**	1%
Equity securities:		
International equity	**39**	38
Fixed income:		
Corporate bonds	**24**	26
Government bonds	**15**	15
Total fixed income	**39**	41
Other:		
Real estate	**4**	4
Insurance contracts	**17**	16
Total	**100%**	100%

MILLIONS	FAIR VALUE AS OF DECEMBER 31, 2010			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash	$ 1.9			$ 1.9
Equity securities:				
International equity	123.7			123.7
Fixed income:				
Corporate bonds	77.2			77.2
Government bonds	47.3			47.3
Other:				
Real estate		$ 12.3		12.3
Insurance contracts		56.1		56.1
Total	$ 250.1	$ 68.4		$ 318.5

Assets of funded retirement plans outside the U.S. are managed in each local jurisdiction and asset allocation strategy is set in accordance with local rules, regulations and practice. Therefore, no overall target asset allocation is presented. Although equity securities are all considered international for the company, some equity securities are considered domestic for the local plan. The funds are invested in a variety of equities, bonds and real estate investments and, in some cases, the assets are managed by insurance companies which may offer a guaranteed rate of return. The company has no investments that are level 3 in its international plan assets. The company has no significant concentration of risk in its international plan assets.

Net Periodic Benefit Costs

Pension and postretirement health care benefits expense for the company's operations:

MILLIONS	U.S. PENSION [a]			INTERNATIONAL PENSION			U.S. POSTRETIREMENT HEALTH CARE		
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Service cost - employee benefits earned during the year	**$ 50.6**	$ 47.2	$ 44.7	**$ 18.9**	$ 14.9	$ 20.7	**$ 2.0**	$ 2.0	$ 2.3
Interest cost on benefit obligation	**62.6**	59.0	51.8	**26.7**	24.6	26.1	**8.8**	9.5	9.6
Expected return on plan assets	**(90.1)**	(75.5)	(70.3)	**(17.0)**	(16.4)	(18.8)	**(1.5)**	(1.4)	(2.5)
Recognition of net actuarial loss	**24.7**	15.9	8.9	**4.0**	1.6	1.1	**0.2**	4.3	4.7
Amortization of prior service cost (benefit)	**0.5**	0.5	1.3	**0.4**	0.3	0.4	**(0.4)**	(5.9)	(6.4)
Curtailment loss	**0.3**			**0.1**	0.5			0.9	
Total expense	**$ 48.6**	$ 47 .1	$ 36.4	**$ 33.1**	$ 25.5	$ 29.5	**$ 9.1**	$ 9.4	$ 7.7

(a) Includes qualified and non-qualified plans

Plan Assumptions

PERCENT	U.S. PENSION [a]			INTERNATIONAL PENSION			U.S. POSTRETIREMENT HEALTH CARE		
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Weighted-average actuarial assumptions used to determine benefit obligations as of year end:									
Discount rate	**5.41%**	5.84%	6.26%	**4.62%**	5.21%	6.39%	**5.41%**	5.84%	6.26%
Projected salary increase	**4.32**	4.32	4.32	**3.40**	3.38	3.23			
Weighted-average actuarial assumptions used to determine net cost:									
Discount rate	**5.84**	6.26	5.99	**5.21**	6.39	5.03	**5.84**	6.26	5.99
Expected return on plan assets	**8.50**	8.50	8.75	**6.22**	5.48	5.85	**8.50**	8.50	8.75

Projected salary increase	**4.32**	4.32	4.32	**3.38**	3.23	3.14	

(a) Includes qualified and non-qualified plans

The expected long-term rate of return used for the U.S. plans is generally based on the pension plan's asset mix. The company considers expected long-term real returns on asset categories, expectations for inflation, and estimates of the impact of active management of the assets in coming to the final rate to use. The company also considers actual historical returns.

The expected long-term rate of return used in the company's international plans is determined in each local jurisdiction and is based on the assets held in that jurisdiction, the expected rate of returns for the type of assets held and any guaranteed rate of return provided by the investment.

For postretirement benefit measurement purposes as of December 31, 2010, the annual rates of increase in the per capita cost of covered health care were assumed to be 7.5% (for pre-age 65 retirees) and 8% (for post-age 65 retirees). The rates were assumed to decrease each year until they reach 5% in 2019 for both pre-age 65 retirees and post-age 65 retirees and remain at those levels thereafter. Health care costs which are eligible for subsidy by the company are limited to a maximum 4% annual increase beginning in 1996 for certain employees.

Assumed health care cost trend rates have a significant effect on the amounts reported for the company's U.S. postretirement health care benefits plan. A one-percentage point change in the assumed health care cost trend rates would have the following effects:

MILLIONS	1-PERCENTAGE POINT INCREASE	1-PERCENTAGE POINT DECREASE
Effect on total of service and interest cost components	$ 0.5	$ (0.4)
Effect on postretirement benefit obligation	8.1	(7.0)

Amendments

In December 2010, the company amended the qualified and non-qualified U.S. pension plans to change the formula for benefit accruals in future years for certain plan participants. These amendments resulted in a decrease in the projected benefit obligation as of December 31, 2010.

Health Care Reform

In March 2010, the Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act were signed into law in the U.S. These new laws impact active employees who receive health care coverage through an employer as well as retirees who have postretirement health care benefits. Many provisions of the new laws do not take effect until future years; however, accounting rules require the expected impact on the postretirement health care plan to be reflected in the current period, if material. Based on the company's analysis of the new laws, the company concluded that the new laws are not a significant event for the plan and interim remeasurement was not required. As of the December 31, 2010 measurement date, the new laws decreased our postretirement health care benefits projected benefit obligation by $0.3 million.

Cash Flows

As of year-end 2010, the company's estimate of benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter for the company's pension and postretirement health care benefit plans are as follows:

MILLIONS	ALL PLANS	MEDICARE SUBSIDY RECEIPTS
2011	$ 72	$ 1
2012	85	1
2013	81	1
2014	87	1
2015	100	1
2016-2020	616	10

The company is in compliance with all funding requirements of its U.S. pension and postretirement health care plans. The company's funding policy for the U.S. pension plan is to achieve and maintain a return on assets that meets the long-term funding requirements identified by the projections of the pension plan's actuaries while simultaneously satisfying the fiduciary responsibilities prescribed in ERISA. The company also takes into consideration the tax deductibility of contributions to the benefit plans. In January 2011, the company made a $100 million voluntary contribution to the U.S. pension plan. Certain international pension benefit plans are required to be funded in accordance with local government requirements. The company estimates that it will contribute approximately $33 million to the international pension benefit plans during 2011.

The company is not aware of any expected refunds of plan assets within the next twelve months from any of its existing U.S. or international pension or postretirement benefit plans.

Savings Plan and ESOP

The company provides a 401(k) savings plan for substantially all U.S. employees. Employee before-tax contributions of up to 3% of eligible compensation are matched 100% by the company and employee before-tax contributions between 3% and 5% of eligible compensation are matched 50% by the company. The company's matching contributions are 100% vested immediately. The company's contributions amounted to $23 million in 2010, $22 million in 2009 and $23 million in 2008.

16. OPERATING SEGMENTS

The company's twelve operating segments have been aggregated into three reportable segments.

The "U.S. Cleaning & Sanitizing" reportable segment provides cleaning and sanitizing products to U.S. markets through its Institutional, Food & Beverage, Kay, Healthcare, Textile Care and Vehicle Care operating segments. These operating segments exhibit similar products, manufacturing processes, customers, distribution methods and economic characteristics.

The "U.S. Other Services" reportable segment includes all other U.S. operations of the company. This segment provides pest elimination and kitchen equipment repair and maintenance through its Pest Elimination and GCS Service operating segments, respectively. These two operating segments are primarily fee for service businesses. Since the primary focus of these businesses is service, they have not been combined with the company's "U.S. Cleaning & Sanitizing" reportable segment. These operating

segments are combined and disclosed as an "all other" category. Total service revenue for this segment was $379 million, $381 million and $395 million for 2010, 2009 and 2008, respectively.

The company's "International" reportable segment includes four operating segments; Europe/Middle East/Africa (EMEA), Asia Pacific, Latin America and Canada. These segments provide cleaning and sanitizing products as well as pest elimination service. International operations are managed by geographic region and exhibit similar products, manufacturing processes, customers, distribution methods and economic characteristics. Total service revenue, at public rates, for international pest elimination was $183 million, $171 million and $186 million for 2010, 2009 and 2008, respectively.

The company evaluates the performance of its International operations based on fixed currency exchange rates. The difference between the fixed currency exchange rates and the actual currency exchange rates is reported as "foreign currency translation" in operating segment reporting. All other accounting policies of the reportable segments are consistent with accounting principles generally accepted in the United States of America and the accounting policies of the company described in Note 2. The profitability of the company's operating segments is evaluated by management based on operating income.

Consistent with the company's internal management reporting, corporate operating expense for 2010, 2009 and 2008 includes $7.5 million, $67.1 million and $25.9 million, respectively, of special gains and charges included on the Consolidated Statement of Income as well as investments the company is making in business systems and the company's business structure. Corporate assets are principally cash and cash equivalents and deferred taxes.

The company has two classes of products within its U.S. Cleaning & Sanitizing and International operations which comprise 10% or more of consolidated net sales. Sales of warewashing products were approximately 19% of consolidated net sales in 2010, 2009, and 2008. Sales of laundry products were approximately 10% of consolidated net sales in 2010 and 11% in both 2009 and 2008.

Property, plant and equipment, net, of the company's U.S. and International operations were as follows:

DECEMBER 31 (MILLIONS)	2010	2009
United States	$ 628.4	$ 646.9
International	519.9	529.3
Consolidated	$ 1,148.3	$ 1,176.2

Financial information for each of the company's reportable segments is as follows:

MILLIONS	U.S. CLEANING & SANITIZING	U.S. OTHER SERVICES	TOTAL U.S.	INTERNATIONAL	FOREIGN CURRENCY TRANSLATION	CORPORATE	CONSOLIDATED
NET SALES							
2010	$ 2,721.9	$ 448.5	$ 3,170.4	$ 3,016.0	$ (96.7)		$ 6,089.7
2009	2,663.3	449.4	3,112.7	2,921.9	(134.0)		5,900.6
2008	2,660.8	469.3	3,130.1	2,895.1	112.3		6,137.5
OPERATING INCOME (LOSS)							
2010	513.9	71.4	585.3	254.7	(2.7)	$ (30.5)	806.8
2009	495.2	65.7	560.9	235.0	(10.7)	(103.9)	681.3
2008	430.2	51.8	482.0	263.4	22.5	(55.1)	712.8
DEPRECIATION & AMORTIZATION							
2010	184.3	5.4	189.7	158.2			347.9
2009	185.4	6.4	191.8	142.5			334.3
2008	182.7	6.2	188.9	145.8			334.7
CAPITAL EXPENDITURES (INCLUDING CAPITALIZED SOFTWARE)							
2010	148.7	2.5	151.2	146.5			297.7
2009	145.5	4.0	149.5	147.8			297.3
2008	188.8	4.4	193.2	201.3			394.5
TOTAL ASSETS							
2010	1,876.2	149.4	2,025.6	2,413.4		433.2	4,872.2
2009	1,915.5	152.1	2,067.6	2,656.2		297.1	5,020.9

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

MILLIONS, EXCEPT PER SHARE	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR
2010					
Net sales					
U.S. Cleaning & Sanitizing	$ 632.3	$ 689.3	$ 718.9	$ 681.4	$ 2,721.9
U.S. Other Services	104.7	114.9	117.6	111.3	448.5
International	699.6	749.6	775.5	791.3	3,016.0
Effect of foreign currency translation	(4.5)	(33.6)	(50.1)	(8.5)	(96.7)
Total	1,432.1	1,520.2	1,561.9	1,575.5	6,089.7
Cost of sales	716.7	750.0	763.4	783.7	3,013.8
Selling, general and administrative expenses	558.1	565.3	558.5	579.7	2,261.6
Special (gains) and charges	3.5	0.6	(5.1)	8.5	7.5
Operating income					
U.S. Cleaning & Sanitizing	113.4	138.6	148.6	113.3	513.9
U.S. Other Services	14.6	18.6	19.7	18.5	71.4
International	37.2	55.1	80.1	82.3	254.7
Corporate	(11.9)	(6.9)	0.4	(12.1)	(30.5)
Effect of foreign currency translation	0.5	(1.1)	(3.7)	1.6	(2.7)
Total	153.8	204.3	245.1	203.6	806.8
Interest expense, net	15.0	15.0	14.9	14.2	59.1
Income before income taxes	138.8	189.3	230.2	189.4	747.7
Provision for income taxes	43.1	59.8	55.9	57.8	216.6
Net income including noncontrolling interest	95.7	129.5	174.3	131.6	531.1
Less: Net income attributable to noncontrolling interest	0.2	0.2	0.1	0.3	0.8
Net income attributable to Ecolab	$ 95.5	$ 129.3	$ 174.2	$ 131.3	$ 530.3
Earnings attributable to Ecolab per common share					
Basic	$ 0.41	$ 0.55	$ 0.75	$ 0.57	$ 2.27
Diluted	$ 0.40	$ 0.54	$ 0.74	$ 0.56	$ 2.23
Weighted-average common shares outstanding					
Basic	235.4	233.4	232.8	232.1	233.4
Diluted	239.0	237.4	237.0	236.4	237.6
2009					
Net sales					
U.S. Cleaning & Sanitizing	$ 622.9	$ 671.1	$ 693.2	$ 676.1	$ 2,663.3
U.S. Other Services	107.1	115.3	117.6	109.4	449.4
International	683.5	716.7	755.2	766.5	2,921.9
Effect of foreign currency translation	(65.3)	(61.6)	(19.6)	12.5	(134.0)
Total	1,348.2	1,441.5	1,546.4	1,564.5	5,900.6
Cost of sales	707.9	725.1	763.9	781.1	2,978.0
Selling, general and administrative expenses	516.3	526.4	554.1	577.4	2,174.2
Special (gains) and charges	26.5	25.0	5.4	10.2	67.1
Operating income					
U.S. Cleaning & Sanitizing	102.6	126.3	141.1	125.2	495.2
U.S. Other Services	13.2	18.3	18.4	15.8	65.7
International	25.4	57.8	79.1	72.7	235.0
Corporate	(39.1)	(31.7)	(13.2)	(19.9)	(103.9)
Effect of foreign currency translation	(4.6)	(5.7)	(2.4)	2.0	(10.7)
Total	97.5	165.0	223.0	195.8	681.3
Interest expense, net	15.8	15.2	15.1	15.1	61.2
Income before income taxes	81.7	149.8	207.9	180.7	620.1
Provision for income taxes	24.0	50.3	62.7	64.4	201.4
Net income including noncontrolling interest	57.7	99.5	145.2	116.3	418.7
Less: Net income (loss) attributable to noncontrolling interest	0.3	0.4	0.2	0.5	1.4
Net income attributable to Ecolab	$ 57.4	$ 99.1	$ 145.0	$ 115.8	$ 417.3
Earnings attributable to Ecolab per common share					
Basic	$ 0.24	$ 0.42	$ 0.61	$ 0.49	$ 1.76
Diluted	$ 0.24	$ 0.41	$ 0.60	$ 0.48	$ 1.74
Weighted-average common shares outstanding					

Basic	236.1	236.5	237.0	237.1	236.7
Diluted	238.1	239.5	240.6	241.3	239.9

Per share amounts do not necessarily sum due to changes in the calculation of shares outstanding for each discrete period and rounding.

REPORTS OF MANAGEMENT

To our Shareholders:

Management's Responsibility for Financial Statements

Management is responsible for the integrity and objectivity of the consolidated financial statements. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include certain amounts based on management's best estimates and judgments.

The Board of Directors, acting through its Audit Committee composed solely of independent directors, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and maintains financial control of operations. The Audit Committee recommends to the Board of Directors the appointment of the company's independent registered public accounting firm, subject to ratification by the shareholders. It meets regularly with management, the internal auditors and the independent registered public accounting firm.

The independent registered public accounting firm has audited the consolidated financial statements included in this annual report and have expressed their opinion regarding whether these consolidated financial statements present fairly in all material respects our financial position and results of operation and cash flows as stated in their report presented separately herein.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, an evaluation of the design and operating effectiveness of internal control over financial reporting was conducted based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under the framework in Internal Control - Integrated Framework, management concluded that internal control over financial reporting was effective as of December 31, 2010.

The company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the company's internal control over financial reporting as of December 31, 2010 as stated in their report which is included herein.

Douglas M. Baker, Jr.
Chairman of the Board,
President and Chief Executive Officer

Steven L. Fritze
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Ecolab Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income and equity and of cash flows present fairly, in all material respects, the financial position of Ecolab Inc. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to

the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 25, 2011

Summary Operating and Financial Data

DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AND EMPLOYEES)	2010	2009	2008	2007
OPERATIONS				
Net sales				
United States	$ 3,170.4	$ 3,112.7	$ 3,130.1	$ 2,801.3
International (at average rates of currency exchange)	2,919.3	2,787.9	3,007.4	2,668.3
Total	6,089.7	5,900.6	6,137.5	5,469.6
Cost of sales (including special (gains) and charges [1])	3,013.8	2,978.0	3,141.6	2,691.7
Selling, general and administrative expenses	2,261.6	2,174.2	2,257.2	2,089.2
Special (gains) and charges	7.5	67.1	25.9	19.7
Operating income	806.8	681.3	712.8	669.0
Gain on sale of equity investment				
Interest expense, net	59.1	61.2	61.6	51.0
Income from continuing operations before income taxes, equity earnings and changes in accounting principle	747.7	620.1	651.2	618.0
Provision for income taxes	216.6	201.4	202.8	189.1
Equity in earnings of Henkel-Ecolab				
Income from continuing operations	531.1	418.7	448.4	428.9
Gain from discontinued operations				
Changes in accounting principle				
Net income including noncontrolling interest	531.1	418.7	448.4	428.9
Less: Net income attributable to noncontrolling interest	0.8	1.4	0.3	1.7
Net income attributable to Ecolab	530.3	417.3	448.1	427.2
Goodwill amortization adjustment				
Net income excluding goodwill amortization [2]	$ 530.3	$ 417.3	$ 448.1	$ 427.2
Earnings per share, as reported (GAAP)				
Diluted - continuing operations	$ 2.23	$ 1.74	$ 1.80	$ 1.70
Diluted - net income	2.23	1.74	1.80	1.70
Earnings per share, as adjusted (Non-GAAP) [3]				
Diluted - continuing operations	2.23	1.99	1.86	1.66
Diluted - net income	$ 2.23	$ 1.99	$ 1.86	$ 1.66
Weighted-average common shares outstanding - basic	233.4	236.7	245.4	246.8
Weighted-average common shares outstanding - diluted	237.6	239.9	249.3	251.8
SELECTED INCOME STATEMENT RATIOS				
Gross profit	50.5%	49.5%	48.8%	50.8%
Selling, general and administrative expenses	37.1	36.8	36.8	38.2
Operating income	13.2	11.5	11.6	12.2
Income from continuing operations before income taxes	12.3	10.5	10.6	11.3
Income from continuing operations	8.7	7.1	7.3	7.8
Effective income tax rate	29.0%	32.5%	31.1%	30.6%
FINANCIAL POSITION				
Current assets	$ 1,869.9	$ 1,814.2	$ 1,691.1	$ 1,717.3
Property, plant and equipment, net	1,148.3	1,176.2	1,135.2	1,083.4
Goodwill, intangible and other assets	1,854.0	2,030.5	1,930.6	1,922.1
Total assets	$ 4,872.2	$ 5,020.9	$ 4,756.9	$ 4,722.8
Current liabilities	$ 1,324.8	$ 1,250.2	$ 1,441.9	$ 1,518.3
Long-term debt	656.4	868.8	799.3	599.9
Postretirement health care and pension benefits	565.8	603.7	680.2	418.5
Other liabilities	192.2	288.6	256.5	243.2
Ecolab shareholders' equity	2,129.2	2,000.9	1,571.6	1,935.7
Noncontrolling interest	3.8	8.7	7.4	7.2
Total equity	2,133.0	2,009.6	1,579.0	1,942.9
Total liabilities and equity	$ 4,872.2	$ 5,020.9	$ 4,756.9	$ 4,722.8
SELECTED CASH FLOW INFORMATION				
Cash provided by operating activities	$ 950.4	$ 695.0	$ 753.2	$ 797.6
Depreciation and amortization	347.9	334.3	334.7	291.9
Capital expenditures	260.5	252.5	326.7	306.5
Cash dividends declared per common share	$ 0.6400	$ 0.5750	$ 0.5300	$ 0.4750
SELECTED FINANCIAL MEASURES/OTHER				
Total debt	$ 845.6	$ 967.3	$ 1,138.2	$ 1,003.4
Total debt to capitalization	28.4%	32.5%	41.9%	34.1%
Book value per common share	$ 9.16	$ 8.46	$ 6.65	$ 7.84
Return on beginning equity	26.5%	26.6%	23.1%	25.4%
Dividends per share/diluted earnings per common share	28.7%	33.1%	29.4%	27.9%
Net interest coverage	13.7	11.1	11.6	13.1
Year end market capitalization	$ 11,723.3	$ 10,547.4	$ 8,301.7	$ 12,639.9
Annual common stock price range	$ 52.46-40.66	$ 47.88-29.27	$ 52.35-29.56	$ 52.78-37.01
Number of employees	26,494	25,931	26,568	26,052

DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AND EMPLOYEES)	2006	2005	2004	2003	2002	2001	2000
OPERATIONS							
Net sales							
United States	$ 2,562.8	$ 2,327.4	$ 2,135.7	$ 2,014.8	$ 1,923.5	$ 1,821.9	$ 1,746.7
International (at average rates of currency exchange)	2,333.0	2,207.4	2,049.3	1,747.0	1,480.1	498.8	484.0
Total	4,895.8	4,534.8	4,185.0	3,761.8	3,403.6	2,320.7	2,230.7
Cost of sales (including special (gains) and charges [1])	2,416.1	2,248.8	2,033.5	1,846.6	1,688.7	1,121.1	1,056.9
Selling, general and administrative expenses	1,866.7	1,743.0	1,656.1	1,458.7	1,302.9	896.4	862.4
Special (gains) and charges			4.5	0.4	37.0	0.8	(20.7)
Operating income	613.0	543.0	490.9	456.1	375.0	302.4	332.1
Gain on sale of equity investment				11.1			
Interest expense, net	44.4	44.2	45.3	45.3	43.9	28.4	24.6
Income from continuing operations before income taxes, equity earnings and changes in accounting principle	568.6	498.8	445.6	421.9	331.1	274.0	307.5
Provision for income taxes	198.6	178.7	161.9	160.2	131.3	110.5	124.4
Equity in earnings of Henkel-Ecolab						15.8	19.5
Income from continuing operations	370.0	320.1	283.7	261.7	199.8	179.3	202.6
Gain from discontinued operations					1.9		
Changes in accounting principle					(4.0)		(2.5)
Net income including noncontrolling interest	370.0	320.1	283.7	261.7	197.7	179.3	200.1
Less: Net income attributable to noncontrolling interest	1.4	0.6	1.0	1.1	1.4	1.8	1.7
Net income attributable to Ecolab	368.6	319.5	282.7	260.6	196.3	177.5	198.4
Goodwill amortization adjustment						18.5	17.8
Net income excluding goodwill amortization [2]	$ 368.6	$ 319.5	$ 282.7	$ 260.6	$ 196.3	$ 196.0	$ 216.2
Earnings per share, as reported (GAAP)							
Diluted - continuing operations	$ 1.43	$ 1.23	$ 1.09	$ 0.99	$ 0.76	$ 0.68	$ 0.76
Diluted - net income	1.43	1.23	1.09	0.99	0.75	0.68	0.75
Earnings per share, as adjusted (Non-GAAP) [3]							
Diluted - continuing operations	1.43	1.24	1.09	0.96	0.88	0.75	0.80
Diluted - net income	$ 1.43	$ 1.24	$ 1.09	$ 0.96	$ 0.87	$ 0.75	$ 0.79
Weighted-average common shares outstanding - basic	252.1	255.7	257.6	259.5	258.2	254.8	255.5
Weighted-average common shares outstanding - diluted	257.1	260.1	260.4	262.7	261.6	259.9	263.9
SELECTED INCOME STATEMENT RATIOS							
Gross profit	50.7%	50.4%	51.4%	50.9%	50.4%	51.7%	52.6%
Selling, general and administrative expenses	38.1	38.4	39.6	38.8	38.3	38.6	38.7
Operating income	12.5	12.0	11.7	12.1	11.0	13.0	14.9
Income from continuing operations before income taxes	11.6	11.0	10.6	11.2	9.7	11.8	13.8
Income from continuing operations	7.6	7.1	6.8	7.0	5.9	7.7	9.1
Effective income tax rate	34.9%	35.8%	36.3%	38.0%	39.7%	40.3%	40.5%
FINANCIAL POSITION							
Current assets	$ 1,853.6	$ 1,421.7	$ 1,279.1	$ 1,150.3	$ 1,015.9	$ 929.6	$ 600.6
Property, plant and equipment, net	951.6	868.0	867.0	769.1	716.1	668.4	512.6
Goodwill, intangible and other assets	1,614.2	1,506.9	1,570.1	1,309.5	1,133.9	943.4	611.5
Total assets	$ 4,419.4	$ 3,796.6	$ 3,716.2	$ 3,228.9	$ 2,865.9	$ 2,541.4	$ 1,724.7
Current liabilities	$ 1,502.8	$ 1,119.4	$ 939.6	$ 851.9	$ 853.8	$ 828.0	$ 532.0
Long-term debt	557.1	519.4	645.5	604.4	539.7	512.3	234.4
Postretirement health care and pension benefits	420.2	302.0	270.9	249.9	207.6	183.3	117.8
Other liabilities	252.7	201.7	257.3	195.9	140.5	117.4	68.9
Ecolab shareholders' equity	1,680.2	1,649.2	1,598.1	1,321.1	1,119.8	896.7	767.7

Noncontrolling interest	6.4	4.9	4.8	5.7	4.5	3.7	3.9
Total equity	1,686.6	1,654.1	1,602.9	1,326.8	1,124.3	900.4	771.6
Total liabilities and equity	$ 4,419.4	$ 3,796.6	$ 3,716.2	$ 3,228.9	$ 2,865.9	$ 2,541.4	$ 1,724.7
SELECTED CASH FLOW INFORMATION							
Cash provided by operating activities	$ 627.6	$ 590.1	$ 570.9	$ 523.9	$ 412.7	$ 358.5	$ 309.8
Depreciation and amortization	268.6	256.9	247.0	228.1	220.6	158.8	143.2
Capital expenditures	287.9	268.8	275.9	212.0	212.8	157.9	150.0
Cash dividends declared per common share	$ 0.4150	$ 0.3625	$ 0.3275	$ 0.2975	$ 0.2750	$ 0.2625	$ 0.2450
SELECTED FINANCIAL MEASURES /OTHER							
Total debt	$ 1,066.1	$ 746.3	$ 701.6	$ 674.6	$ 699.8	$ 745.7	$ 371.0
Total debt to capitalization	38.7%	31.1%	30.4%	33.7%	38.4%	45.3%	32.6%
Book value per common share	$ 6.69	$ 6.49	$ 6.21	$ 5.13	$ 4.31	$ 3.51	$ 3.02
Return on beginning equity	22.4%	20.0%	21.4%	23.3%	21.9%	23.1%	25.8%
Dividends per share/diluted earnings per common share	29.0%	29.5%	30.0%	30.1%	36.7%	38.6%	32.7%
Net interest coverage	13.8	12.3	10.8	10.1	8.5	10.6	13.5
Year end market capitalization	$ 11,360.4	$ 9,217.8	$ 9,047.5	$ 7,045.5	$ 6,432.0	$ 5,148.0	$ 5,492.1
Annual common stock price range	$ 46.40-33.64	$ 37.15-30.68	$ 35.59-26.12	$ 27.92-23.08	$ 25.20-18.27	$ 22.10-14.25	$ 22.85-14.00
Number of employees	23.130	22,404	21,338	20,826	20,417	19,326	14,250

Results for 2009 through 2000 have been restated to reflect the current year presentation. Results for 2004 through 2000 have been restated to reflect the effect of retroactive application of ASC 718 *Compensation - Stock Compensation* . The former Henkel-Ecolab joint venture is included as a consolidated subsidiary effective November 30, 2001. (1) Cost of sales includes special (gains) and charges of $12.6 in 2009, ($0.1) in 2004, ($0.1) in 2003, $9.0 in 2002, ($0.6) in 2001 and $1.9 in 2000. (2) Net income excluding goodwill amortization for 2001 and 2000 reflect the pro forma effect of the discontinuance of the amortization of goodwill as if ASC 350 *Intangibles - Goodwill and Other* had been in effect since January 1, 2000. This non-GAAP measure is used to provide comparability of the company's net income results. (3) Earnings per share, as adjusted (Non-GAAP) amounts exclude the impact of special gains and charges and discrete tax items. All per share, shares outstanding and market price data reflect the two-for-one stock split declared in 2003.

EXHIBIT (21)

Registrant
ECOLAB INC.

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Ecolab (Antigua) Ltd.	Antigua	100
Ecolab S.A.	Argentina	100
Ecolab (Aruba) NV	Aruba	100
Ecolab Australia Pty Ltd.	Australia	100
Ecolab Pty Ltd.	Australia	100
Ecolab (Fiji) Pty Limited	Australia	100
Ecolab AT 2 GmbH	Austria	100
Ecolab GmbH	Austria	100
Ecolab Limited	Bahamas	100
Ecolab (Barbados) Limited	Barbados	100
Ecolab B.V.B.A./S.P.R.L.	Belgium	100
Ecolab Production Belgium BVBA	Belgium	100
Kay N.V.	Belgium	100
Ecolab BM 1 Limited	Bermuda	100
Ecolab BM 2 Limited	Bermuda	100
Ecolab Quimica Ltda.	Brazil	100
Ecolab EOOD	Bulgaria	100
Ecolab Co.	Canada	100
Arlington International Limited	Cayman Islands	100
Mystique Management Limited	Cayman Islands	100
Ecolab S.A.	Chile	100
Ecolab Colombia S.A.	Colombia	100
Ecolab, Sociedad Anonima	Costa Rica	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Ecolab d.o.o.	Croatia	100
Ecolab Holding (Cyprus) Limited	Cyprus	100
Ecolab Hygiene s.r.o.	Czech Republic	100
Ecolab ApS	Denmark	100
Microtek Dominicana S.A.	Dominican Republic	100
Ecolab Ecuador CIA. LTDA.	Ecuador	100
Ecolab, S.A. de C.V.	El Salvador	100
Oy Ecolab AB	Finland	100
Alpha Holding SAS	France	100
Amboile Services SAS	France	100
Ecolab SAS	France	100
Ecolab Production France SAS	France	100
Ecolab SNC	France	100
Europlak SAS	France	100
Shield Medicare sarl	France	100
Ecolab Deutschland GmbH	Germany	100
Ecolab Engineering GmbH	Germany	100
Ecolab Export GmbH	Germany	100
Ecolab Hygiene Systems GmbH	Germany	100
Microtek Medical GmbH	Germany	100
Ecolab A.E.B.E.	Greece	100
Ecolab (Guam) LLC	Guam	100
Ecolab, Sociedad Anonima	Guatemala	100
Quimicas Ecolab, S.A.	Honduras	100
Ecolab Limited	Hong Kong	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Green Harbour Mainland Holdings Ltd	Hong Kong	100
Ecolab Holding Hungary LLC	Hungary	100
Ecolab Hygiene Kft.	Hungary	100
P.T. Ecolab Indonesia	Indonesia	100
Ecolab Food Safety and Hygiene Solutions Private Limited	India	100
Ecolab Finance Company Limited	Ireland	100
Ecolab (Holdings) Limited	Ireland	100
Ecolab Limited	Ireland	100
Ecolab JVZ Limited	Israel	100
Ecolab Holding Italy Srl	Italy	100
Ecolab Production Italy Srl (formerly: Findesauno Srl)	Italy	100
Ecolab Srl	Italy	100
Findesadue Srl	Italy	100
Ecolab Limited	Jamaica	100
Ecolab K.K.	Japan	100
Ecolab East Africa (Kenya) Limited	Kenya	100
Ecolab Korea Ltd.	Korea	100
Ecolab SIA	Latvia	100
Ecolab LUX 1 S.à r.l.	Luxembourg	100
Ecolab LUX 2 S.à r.l.	Luxembourg	100
Ecolab LUX 3 S.à r.l.	Luxembourg	100
Ecolab LUX 4 S.à r.l.	Luxembourg	100
Ecolab LUX 5 S.à r.l.	Luxembourg	100
Ecolab-Importacao E Exportacao Limitada	Macau	100
Ecolab Sdn Bhd	Malaysia	100
Microtek Medical Malta Limited	Malta	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Microtek Medical Malta Holding Limited	Malta	100
Ecolab, S. de R.L. de C.V.	Mexico	100
Ecolab Holdings Mexico, S.A. de C.V.	Mexico	100
Ecolab Maroc S. A.	Morocco	100
Ecolab Finance N.V.	Netherlands Antilles (Curacao)	100
Ecolabone B.V.	Netherlands	100
Ecolabtwo B.V.	Netherlands	100
Ecolab Holdings S.à r.l./ B.V. (formerly: Ecolab Holdings B.V.)	Netherlands	100
Ecolab B.V.	Netherlands	100
Ecolab NL 3 BV	Netherlands	100
Ecolab NL 4 BV	Netherlands	100
Ecolab NL 5 BV	Netherlands	100
Ecolab Production Netherlands BV	Netherlands	100
Microtek Medical Holding BV	Netherlands	100
Microtek Medical BV	Netherlands	100
Ecolab Limited	New Zealand	100
Ecolab Nicaragua, S.A.	Nicaragua	100
Ecolab A/S	Norway	100
Ecolab S.A.	Panama	100
Ecolab Chemicals Ltd.	People’s Republic of China	100
Ecolab China Ltd.	People’s Republic of China	100
Ecolab (China) Investment Co., Ltd.	People’s Republic of China	100
Ecolab (GZ) Chemicals Limited	People’s Republic of China	100
Ecolab (Taicang) Technology Co., Ltd.	People’s Republic of China	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Guangzhou Green Harbour Environmental Operations	People’s Republic of China	100
Guangzhou Green Harbour Termite	People’s Republic of China	100
Ecolab Perú Holdings S.R.L.	Peru	100
Ecolab Philippines Inc.	Philippines	100
Ecolab Production Poland Sp. z o.o.	Poland	100
Ecolab Sp. z o.o.	Poland	100
Ecolab S.R.L.	Romania	100
ZAO Ecolab	Russia	100
Ecolab Hygiene d.o.o.	Serbia	100
Ecolab Pte. Ltd.	Singapore	100
Ecolab s.r.o.	Slovakia	100
Ecolab d.o.o.	Slovenia	100
Ecolab (Proprietary) Ltd.	South Africa	100
Ecolab Hispano-Portuguesa, S.A.	Spain	100
Ecolab (St. Lucia) Limited	St. Lucia	100
Ecolab AB	Sweden	100
Ecolab CH 1 GmbH	Switzerland	100
Ecolab CH 2 GmbH	Switzerland	100
Ecolab Europe GmbH	Switzerland	100
Ecolab (Schweiz) GmbH	Switzerland	100
Ecolab Ltd.	Taiwan	100
Ecolab East Africa (Tanzania) Limited	Tanzania	100
Ecolab Ltd.	Thailand	100
Ecolab (Trinidad & Tobago) Limited	Trinidad & Tobago	100
Ecolab Temizleme Sistemleri Limited Sirketi	Turkey	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Ecolab East Africa (Uganda) Limited	Uganda	100
Ecolab LLC	Ukraine	100
Ecolab Emirates General Trading LLC	UAE	49
Ecolab Gulf FZE	UAE	100
Ecolab Limited	United Kingdom	100
Ecolab (U.K.) Holdings Limited	United Kingdom	100
Microtek Medical Europe, Ltd.	United Kingdom	100
Shield Holdings Limited	United Kingdom	100
Shield Medicare Limited	United Kingdom	100
Shield Salvage Associates Limited	United Kingdom	100
Ecolab S. A.	Uruguay	100
Ecolab S.A.	Venezuela	74
United States		
Ecolabeight Inc.	Delaware	100
Ecolab AP Holdings LLC	Delaware	100
Ecolab USA Inc.	Delaware	100
Ecolab Holdings Inc.	Delaware	100
Ecolab Holdings (Europe) Inc.	Delaware	100
Ecolab Investment LLC	Delaware	100
Ecolab Israel Holdings LLC	Delaware	100
Ecolab Manufacturing Inc.	Delaware	100
Ecovation, Inc.	Delaware	100
GCS Service, Inc.	Delaware	100
Krofta Technologies, LLC	Delaware	100
Microtek Medical Inc.	Delaware	100

Name of Affiliate	State or Other Jurisdiction of Incorporation	Percentage of Ownership
Total Enterprise Control LLC	Delaware	100
Wabasha Leasing LLC	Delaware	100
Microtek Medical Holdings Inc.	Georgia	100
Kay Chemical Company	North Carolina	100
Kay Chemical International, Inc.	North Carolina	100
Ecolab Food Safety Specialties Inc. (formerly: Daydots Inc.)	Texas	100

Certain additional subsidiaries, which are not significant in the aggregate, are not shown.

EXHIBIT (24)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS , That the undersigned, a Director of Ecolab Inc., a Delaware corporation ("Corporation"), does hereby make, nominate and appoint DOUGLAS M. BAKER, JAMES J. SEIFERT and MICHAEL C. MCCORMICK, and each of them, to be my attorney-in-fact, with full power and authority to sign his name to (1) the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and any and all amendments thereto, (2) a Registration Statement on Form S-3 relating to the registration under the Securities Act of 1933 of the Corporation's debt securities, and any and all amendments thereto, and (3) a Registration Statement on Form S-8 relating to the registration under the Securities Act of 1933 of 1,500,000 shares of the Corporation's common stock, $1.00 par value per share, and preferred stock purchase rights associated with the common stock, being registered pursuant to the Ecolab Stock Purchase Plan, and any and all amendments thereto, provided that, in each case, the report, registration statements, and amendments, in final form, be approved by said attorney-in-fact, and his name, when thus signed, shall have the same force and effect as though I had manually signed said document or documents.

IN WITNESS WHEREOF , I have hereunto affixed my signature this 25th day of February, 2011.

/s/Barbara J. Beck
Barbara J. Beck

/s/Les S. Biller
Les S. Biller

/s/Jerry A. Grundhofer
Jerry A. Grundhofer

/s/Arthur J. Higgins
Arthur J. Higgins

/s/Joel W. Johnson
Joel W. Johnson

/s/Jerry W. Levin
Jerry W. Levin

/s/Robert L. Lumpkins
Robert L. Lumpkins

/s/C. Scott O'Hara
C. Scott O'Hara

/s/Victoria J. Reich
Victoria J. Reich

/s/John J. Zillmer
John J. Zillmer

EXHIBIT (31)

CERTIFICATIONS

I, Douglas M. Baker, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Ecolab Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: 25 February 2011

/s/Douglas M. Baker, Jr.
Douglas M. Baker, Jr.
Chairman of the Board, President and
Chief Executive Officer

I, Steven L. Fritze, certify that:

1. I have reviewed this annual report on Form 10-K of Ecolab Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 25 February 2011

/s/Steven L. Fritze
Steven L. Fritze
Chief Financial Officer

EXHIBIT (32)

SECTION 1350 CERTIFICATIONS

Pursuant to 18 U.S.C. Section 1350, each of the undersigned officers of Ecolab Inc. does hereby certify that:

(a) the Annual Report on Form 10-K of Ecolab Inc. for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ecolab Inc.

Dated: 25 February 2011

/s/Douglas M. Baker, Jr.
Douglas M. Baker, Jr.
Chairman of the Board, President and
Chief Executive Officer

Dated: 25 February 2011

/s/Steven L. Fritze
Steven L. Fritze
Chief Financial Officer