Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [X] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [X]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES-AUBURN

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 01/01/2012

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

XYLEM INC.

1133 WESTCHESTER AVENUE
WHITE PLAINS, NY 10604

2b Employer Identification Number (EIN)
45-2080495

2c Sponsor's telephone number
914-323-5700

2d Business code (see instructions)
333200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2013	DAWN DERUE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

XYLEM WATER SYSTEMS U.S.A. LLC

ONE GOULDS DRIVE
AUBURN, NY 13021

3b Administrator's EIN: 03-0540058

3c Administrator's telephone number: 315-258-4830

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	162
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	172
b	Retired or separated participants receiving benefits	**6b**	2
c	Other retired or separated participants entitled to future benefits	**6c**	3
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	177
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	177
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
1A 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** ☒ **R** (Retirement Plan Information)
- **(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ 0 **A** (Insurance Information)
- **(4)** ☐ **C** (Service Provider Information)
- **(5)** ☒ **D** (DFE/Participating Plan Information)
- **(6)** ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES-AUBURN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
XYLEM INC.

D Employer Identification Number (EIN)
45-2080495

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2012

2 Assets:

a Market value	**2a**	0
b Actuarial value	**2b**	0

3 Funding target/participant count breakdown:

		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	**3a**	0	0
b For terminated vested participants	**3b**	1	130
c For active participants:			
(1) Non-vested benefits	**3c(1)**		376371
(2) Vested benefits	**3c(2)**		290225
(3) Total active	**3c(3)**	161	666596
d Total	**3d**	162	666726

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	5.74 %
6 Target normal cost	**6**	544092

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary — Date: 09/19/2013

SUZANNE HUGHES — Type or print name of actuary

11-07118 — Most recent enrollment number

BUCK CONSULTANTS, LLC — Firm name

201-902-2615 — Telephone number (including area code)

500 PLAZA DRIVE
SECAUCUS, NJ 07096-1533

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 0.00%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of 0.00% except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	0.00 %
15	Adjusted funding target attainment percentage	15	73.16 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	0.00 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	0.00 %

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
03/29/2012	273000	0	09/13/2013	90000	0
04/12/2012	147000	0			
07/12/2012	147000	0			
10/12/2012	147000	0			
12/19/2012	232000	0			
01/14/2013	147000	0			
			Totals ► 18(b)	1183000	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	487784
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	650247

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
2.06%	5.25%	6.32 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	63

23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	544092
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	666726	105627
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	649719

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0

36 Additional cash requirement (line 34 minus line 35)	**36**	649719
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	650247

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	528
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES-AUBURN

B Three-digit plan number (PN) ▶ 003

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
XYLEM INC.

D Employer Identification Number (EIN)
45-2080495

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: INV. MASTER TRUST OF XYLEM INC.

b Name of sponsor of entity listed in (a): XYLEM INC.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
37-6491099-302	M	972096

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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b Name of sponsor of entity listed in (a):

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b Name of sponsor of entity listed in (a):

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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES-AUBURN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
XYLEM INC.

D Employer Identification Number (EIN)
45-2080495

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		237000
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		972096
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	0	1209096
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		65412
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	65412
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	0	1143684

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1183000	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1183000
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-38944
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1144056
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	372	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		372
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		372
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1143684
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CROWE HORWATH LLP **(2)** EIN: 35-0921680

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		15000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i		X	
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☐ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES-AUBURN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
XYLEM INC.

D Employer Identification Number (EIN)
45-2080495

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 36-1561860

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3** 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☒ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a	The current year	**14a**	
b	The plan year immediately preceding the current plan year	**14b**	
c	The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a	The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b	The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a	Enter the number of employers who withdrew during the preceding plan year	**16a**	
b	If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Xylem Pension Plan for Bargaining Unit Employees - Auburn

Financial Statements as of and for the Year Ended December 31, 2012, and Independent Auditor's Report

Sponsor EIN # 45-2080495
Plan # 003

XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES - AUBURN
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Financial Statements:	
Statement of Net Assets Available for Benefits as of December 31, 2012	5
Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2012	6
Notes to the Financial Statements	7

Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Benefits Administration Committee
Xylem Pension Plan for Bargaining Unit Employees – Auburn
White Plains, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Xylem Pension Plan for Bargaining Unit Employees - Auburn, which comprise the statement of net assets available for benefits as of December 31, 2012, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by The Northern Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2012 and for the year then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Crowe Horwath LLP

Crowe Horwath LLP

New York, New York
September 25, 2013

XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES - AUBURN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,	2012
ASSETS	
Investments - at fair value:	
Plan's interest in the Investment Master Trust of Xylem Inc.	$ 972,096
Employer contribution receivable	237,000
Total assets	1,209,096
LIABILITIES	
Accrued administrative expenses	65,412
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,143,684

See accompanying notes to financial statements.

XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES - AUBURN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31,	2012
ADDITIONS	
Plan's interest in the investment income of the Investment Master Trust of Xylem Inc.	$ 27,889
Employer contributions	1,183,000
Total additions	1,210,889
DEDUCTIONS	
Benefits paid to participants	372
Administrative expenses	66,833
Total deductions	67,205
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS	1,143,684
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	—
End of year	$ 1,143,684

See accompanying notes to financial statements.

XYLEM PENSION PLAN FOR BARGAINING UNIT EMPLOYEES - AUBURN
NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Plan

The following description of the Xylem Pension Plan for Bargaining Unit Employees - Auburn (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General - The Plan is a defined benefit pension plan covering the hourly employees of United Steelworkers of America, AFL-CIO, Local 9832 at the Auburn, NY location of Xylem Water Systems U.S.A., LLC ("Employer"), a subsidiary of Xylem Inc. (the "Company" or "Plan Sponsor"). The Benefits Administration Committee, as appointed by the Board of Directors of the Company, controls and manages the operation and administration of the Plan, while the Pension Fund Trust and Investment Committee directs the managers of the Plan's investments. The Northern Trust Company ("the Trustee") serves as the trustee of the Plan. The Plan became effective January 1, 2012 ("Effective Date") and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

On October 31, 2011, ITT Corporation completed the Spin-off (the "Spin-off") of Xylem Inc., formerly ITT's water equipment and services businesses, and Exelis Inc. As part of the Spin-off, the Plan Sponsor employees were no longer permitted to participate in the ITT Pension Plan for the Bargaining Unit Employees, Seneca Falls, New York ("Former Pension Plan"). The Plan Sponsor established the Plan to continue those pension plan benefits.

The Plan's assets include an undivided interest in an investment account of the Master Trust, EIN 37-6491099, as of and for the year ended December 31, 2012. The Master Trust includes the combined assets of the Plan as well as several other employee benefit plans sponsored by the Company and its subsidiaries (collectively the "Participating Plans").

Use of the Master Trust permits the commingling of Plan assets with the assets of other Participating Plans for investment and administrative purposes. Although Plan assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net income or losses of the Master Trust to the Participating Plans. The net investment income or losses of the investment account is allocated by the Trustee to each Participating Plan based on the relationship of the interest of each Participating Plan to the total of the interests of the Participating Plans. A schedule of Master Trust assets has been filed with the U.S. Department of Labor and includes the Plan's proportionate share of such assets at December 31, 2012.

Eligibility - All hourly employees of the Employer represented by United Steelworkers of America, AFL-CIO, Local 9832 at the Auburn, New York location are eligible to participate in the Plan if they were on the Employer payroll at the Effective Date, or after completing one hour of service.

Contributions - Contributions to provide benefits under the Plan are made solely by the Company, and charged to the Employer. See Note 5 for the Company's funding policy.

Pension Benefits - Participants are eligible for monthly benefit payments upon reaching age 62. The normal monthly benefit payments are determined by multiplying the benefit rate, which depends upon the period of credited service, as defined by the Plan, by the total number of years of credited service. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested. A participant's pension benefit in the Plan is reduced by the normal or postponed pension benefit under the Former Pension Plan.

Participants are eligible to receive early retirement benefits between the ages of 55 and 62 upon completion of five years of credited service. Early retirement benefits are computed in a manner similar to normal retirement at age 62, except that they are reduced by certain factors, as outlined in the Plan document, for each month that the early retirement date precedes the normal retirement date.

Death and Disability Benefits - The surviving spouse of a participant who is vested is automatically covered by the pre-retirement death benefit option, which will provide a benefit for the surviving spouse upon death prior to retirement, unless coverage is waived. The benefit would be equal to the benefit the spouse would have received had the participant retired on the date of death, computed under the normal form of payment and subject to certain limitations as outlined in the Plan document.

A participant who has completed 5 years of continuous service and who becomes totally and permanently disabled is eligible to receive a disability retirement benefit. The amount of the benefit is computed as it would be for normal retirement based on the participant's years of credited service as of the date of disability.

Administrative and Investment Management Expenses - Administrative expenses of the Plan, including actuarial services, audit fees and regulatory fees are paid by the Master Trust on behalf of the Plan, as provided in the Plan document and the Master Trust agreement. Certain accounting and other administrative services are provided to the Plan and Master Trust at no charge. These services are performed by employees of the Company or Employer and no such employee receives compensation from the Plan.

Investment management fees are charged to the Plan as a reduction of investment return and included in the investment income or losses reported by the Plan.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan are prepared under the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates.

Risks, and Uncertainties - The Plan's interest in the Master Trust includes investments in common collective trust funds. Investments, in general, are exposed to various risks, such as interest rate risk, credit risk, liquidity risk, and overall market volatility. Due to the level of risk associated with certain Plan investments, it is at least reasonably possible that changes in the values of certain Plan investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Investment Valuation and Income Recognition - The Plan's interest in the Master Trust is reported at fair value which has been determined based on the fair value of the underlying investments of the Master Trust. A more detailed description of the individual types of investments can be found in Note 4.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits - Benefit payments to participants are recorded upon distribution.

New Accounting Standards - In May 2011, the Financial Accounting Standards Board issued Accounting Standard Update No. 2011-04 ("ASU"), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends ASC 820, *Fair Value Measurements and Disclosures*. ASU 2011-04 also requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The new guidance is effective for reporting periods beginning after December 15, 2011. The adoption did not have a material effect on the statement of net assets available for benefits and statement of changes in net assets available for benefits.

Note 3: Investments - Unaudited Information

The Northern Trust Company, trustee of the Plan, holds investment assets and executes transactions therein, and substantially all information pertaining to the Plan's investments included in the 2012 financial statements has been certified by them as of and for the year ended December 31, 2012. This 2012 information has not been audited by independent accountants.

The following table presents investments that represent 5% of more of the Plan's net assets available for benefits.

	2012
Investments at fair value:	
Interest in the Investment Master Trust of Xylem Inc.	**$ 972,096**

During 2012, the Plan's net investment income in the Master Trust (including gains and losses on investments bought and sold, as well as held during the year and interest and dividend income) was $27,889.

Note 4. Fair Value Measurement

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. Observable inputs may include quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), then to quoted market prices for similar assets or liabilities in active markets (Level 2) and gives the lowest priority to unobservable inputs (Level 3). Assets are classified in their entirety, based on the lowest level of input that is significant to the fair value measurement.

The Plan's policy is to recognize significant transfers between levels at the beginning of the reporting period.

The fair value of the Plan's interest in the Master Trust reflects the Plan's interest in the fair value of the underlying net assets of the Master Trust. The following descriptions of the valuation methodologies and assumptions are used by the Plan to estimate the fair values of investments held as underlying investments of the Master Trust:

- *Common Collective Trusts (CCTs)* - CCTs are arrangements in which the funds of individual trusts are pooled to avail themselves of professional investment management and achieve greater diversification of investment, stability of income or other investment objectives. CCTs invest in debt and equity securities, the mix of which varies by fund, and report net asset value ("NAV") as of the measurement date. Fair value is estimated based on the NAV practical expedient method. The practical expedient enables an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share or its equivalent without adjustment. There are no unfunded commitments related to the CCTs and investments in CCTs can be redeemed on a daily basis. CCTs are classified in Level 2 of the fair value hierarchy.

- *Cash and Other* - Cash investments are money market commingled trust vehicles which are valued by quoted market price or NAV, and are classified as Level 1.

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

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust investments measured at fair value at December 31, 2012:

	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2) *	Significant Unobservable Inputs (Level 3)	Total
Cash	$ 3,347,906	$ —	$ —	$ 3,347,906
Common Collective Funds				
EAFE Index Fund (a)	—	9,590,949	—	9,590,949
MSCI Emerging Markets Fund (b)	—	4,711,567	—	4,711,567
Russell 3000 Index Fund (c)	—	17,607,948	—	17,607,948
Aggregate Bond Index Fund (d)	—	15,673,439	—	15,673,439
Totals	$ 3,347,906	$ 47,583,903	$ —	$ 50,931,809

* For the Master Trust's investments at December 31, 2012 where fair value is estimated based on NAV, the redemption notice period is trade date plus one day, the redemption frequency is daily, and there are no unfunded commitments.

a) The primary objective of the Northern Trust EAFE Index Fund is to approximate the risk and return characterized by the Morgan Stanley Europe, Australasia, and Far East (MSCI EAFE) Index. This Index is commonly used to represent the non U.S. equity markets. The Fund may make limited use of futures and/or options for the purpose of maintaining equity exposure.

b) The primary objective of the Northern Trust Emerging Markets Fund, a collective fund for qualified plans, is to provide investment results that replicate the overall performance of the MSCI Emerging Markets Index. The fund may make limited use of common stocks of one or more companies included in the Index, on the sole basis of computer-generated statistical data, deemed representative of the industry diversification of the entire Index.

c) The primary objective of the Northern Trust Russell 3000 Index Fund is to approximate the risk and return characterized by the Russell 3000 Index. This Index is commonly used to represent the broad U.S. equity market.

d) The primary objective of the Northern Trust Aggregate Bond Index Fund is to provide investment results that approximate the overall performance of the Barclay's Capital U.S. Aggregate Index. The Fund may hold units of participation in any fixed income collective fund established and maintained by the Trustee or any of its affiliates. The Fund may make limited use of interest rate futures and/or options for the purpose of maintaining market exposure.

Note 5. Funding Policy

Contributions to provide benefits under the Plan are made solely by the Company, and charged to the Employer. Funding requirements under Internal Revenue Service ("IRS") rules are a major consideration in making contributions to the Plan. The Company's funding policy is to make cash contributions to the Plan not less than the minimum required by applicable law and regulations. While the Company has significant discretion in making voluntary contributions, ERISA, including subsequent amendments, and applicable Internal Revenue Code ("IRC") regulations mandate minimum funding thresholds. The Company continually monitors the funded status and minimum funding requirements.

Interest, dividends and cumulative net appreciation (depreciation) of investments of the Plan serve to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plan document. The Company's contributions are adjusted to reflect differences between actual contributions in prior years and the amounts required under the Company's current funding policy to meet the minimum funding requirements of ERISA. The Company met the minimum funding requirements for the year ended December 31, 2012.

Note 6. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to service rendered by participants as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (1) retired or terminated participants, (2) beneficiaries of participants who have died, and (3) present participants or their beneficiaries. The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

In connection with the Spin-off described in Note 1, the accumulated plan benefit obligations that were established to continue the pension plan benefits of the Former Pension Plan were $609,564. The more significant assumptions underlying the actuarial computations of the accumulated plan benefits used to establish the obligation at Plan formation are as follows:

- Mortality: The mortality assumption was updated according to the projection specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants. A special mortality table is used for the period after disability.
- Retirement age: Age 62.
- Long-term rate of return was 8.0% per annum.

The December 31, 2012 actuarial valuation was completed prior to the date the financial statements were available to be issued. A summary of the actuarial information provided by the Plan's actuary, which has not been audited by independent auditors, is provided below for informational purposes.

		(Unaudited)
Vested accumulated plan benefits:		
Retired participants and/or beneficiaries currently receiving benefits	$	8,713
Other participants		694,184
Total vested accumulated plan benefits		702,897
Nonvested accumulated plan benefits		295,299
Total actuarial present value of accumulated plan benefits	$	998,196

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended December 31, 2012, are as follows:

		(Unaudited)
Actuarial present value of accumulated plan benefits - December 31, 2011	$	—
Increase (decrease) during the year attributable to:		
Benefits accumulated		338,901
Benefits paid		(372)
Interest		48,751
Assumption changes		1,352
Benefits accumulated as a result of prior service under the Former Pension Plan		609,564
Actuarial present value of accumulated plan benefits - December 31, 2012	$	998,196

The unaudited significant actuarial assumptions used in the December 31, 2012 valuations were:

- Mortality: The mortality assumption was updated according to the projection specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants. A special mortality table is used for the period after disability.
- Retirement age: Age 62.
- Long-term rate of return was 8.0% per annum.

The increase to the actuarial present value of accumulated plan benefits due to assumption changes was attributed to the mortality assumption and updates in the interest rate basis to the current rates, as specified in IRS Regulations, as well as a reduction in plan related expenses.

Actuarial assumptions for the period before normal retirement include factors for mortality, termination of employment, early retirement and disability.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Note 7. Interest in Master Trust - Unaudited

The following table presents the Plan's interest in investments of the Master Trust at December 31, 2012:

	2012
Investments at estimated fair value:	
Common collective trusts	$ 47,583,903
Commodities, cash and other	3,347,906
Investments in the Master Trust	$ 50,931,809
Plan's interest in investments of the Master Trust	$ 972,096
Plan's interest in investments of the Master Trust as a percentage of the total	1.91%

The net investment income of the Master Trust for the year ended December 31, 2012, is summarized below:

	2012
Investment income in the Master Trust:	
Net appreciation in fair value of investments:	
Common collective trusts	$ 5,293,312
Interest income	6,849
Fees and expenses	(161,323)
Net investment income in the Master Trust	$ 5,138,838
Plan's interest in the Master Trust investment income	$ 27,889

The Master Trust's investments that represented 5% or more of the Master Trust's net assets available for benefits as of December 31, 2012 are as follows:

	2012
Master Trust:	
Russell 3000 Index Fund	$ 17,607,948
Aggregate Bond Index Fund	15,673,439
EAFE Index Fund	9,590,949
MSCI Emerging Markets Fund	4,711,567
Cash	3,347,906

Note 8. Exempt Party-In-Interest Transactions

Parties in interest are defined by Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Amounts paid by the Plan to parties in interest included fees paid for investment management and actuarial services. Certain professional fees for the administration of the Plan were paid by the Company. The Master Trust holds a portion of its investments in common collective trusts managed by the Trustee of the Plan and Master Trust. These assets and related transactions qualify as exempt party-in-interest transactions.

These transactions are not deemed prohibited party-in-interest transactions because they are covered by statutory or administrative exemptions from the IRC and ERISA rules on prohibited transactions.

Note 9. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, the net assets of the Plan will be allocated for payment of plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations there under and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty while other benefits may not be provided for at all.

Note 10. Federal Income Tax Status

The Plan became effective January 1, 2012, and a request for an IRS determination letter stating that the Plan is designed in accordance with applicable sections of the IRC has not been filed because the regular cycle for the Plan to file for a determination letter is February 1, 2015 to January 31, 2016. However, the Plan administrator believes that the Plan is designed, and is currently being operated in compliance with the applicable requirements of the IRC, and the Plan continues to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 11. Subsequent Events

Subsequent events were evaluated by Plan management through September 25, 2013, the date the financial statements were available to be issued. No significant events were noted, except for the matter disclosed below.

During February 2013, the Master Trust made fund changes, adding nine new funds and eliminating three. The fund changes were designed to better diversify the Plan's investment options with funds having stronger historical performance, while minimizing investment and administrative fees.

******

Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York

EIN / PN: 45-2080495 / 003

Schedule SB, line 26 - Schedule of Active Participant Data

	BENEFIT SERVICE										
AGE	**Under 1**	**1 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 25	2	0	0	0	0	0	0	0	0	0	2
25 - 29	0	0	7	0	0	0	0	0	0	0	7
30 - 34	2	2	6	0	0	0	0	0	0	0	10
35 - 39	0	1	4	4	2	0	0	0	0	0	11
40 - 44	0	0	4	1	4	2	0	0	0	0	11
45 - 49	0	2	10	4	6	20	0	0	0	0	42
50 - 54	0	2	4	2	3	17	1	11	3	0	43
55 - 59	0	0	5	0	2	2	0	9	12	0	30
60 - 64	0	1	2	0	0	2	0	0	0	0	5
65 - 69	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0
Total	4	8	42	11	17	43	1	20	15	0	161

Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York

EIN/PN: 45-2080495 / 003

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with four month lookback:	
	First Segment Rate	2.06%
	Second Segment Rate	5.25%
	Third Segment Rate	6.32%
	Effective Interest Rate	5.74%

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, using the blended annuitant/non-annuitant table applicable to small plans.

Actuarial cost method

The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected plan related expenses to be paid from plan assets during the year.

Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York

EIN/PN: 45-2080495 / 003

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (Continued)

Non-Prescribed Funding Assumptions and Methods

Expenses

Expected plan related expenses of $100,000 were added to the Target Normal Cost.

Frequency of optional payment forms

55% of future retirees and terminations are assumed to take a life annuity. For future retirees and terminations who are assumed not to take a life annuity, 10% are assumed to take a Joint and Survivor 50%, 5% are assumed to take a Joint and Survivor 66 2/3%, 10% are assumed to take a Joint and Survivor 75%, 15% are assumed to take a Joint and Survivor 100%, and 5% are assumed to take 10-Year Certain and Life Annuity.

Marital percentage

85% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Mortality table

The mortality table is applied on a static basis. A combined annuitant and non-annuitant table was used.

Retirement rates

Age	Assumption
55	2.03%
56	2.05%
57	2.07%
58	2.14%
59	2.19%
60	2.30%
61	2.37%
62	70.00%
63	30.00%
64	30.00%
65	30.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70	100.00%

Terminated vested participants are assumed to retire at age 60.

Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York

EIN/PN: 45-2080495 / 003

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (Continued)

Non-Prescribed Funding Assumptions and Methods (continued)

Disability rates

Age	Rates
25	0.03%
30	0.03%
35	0.03%
40	0.04%
45	0.08%
50	0.21%
55	0.45%
60	1.01%
65	0.00%

Withdrawal rates[1]

Age	Rates
25	8.36%
30	6.30%
35	4.77%
40	3.76%
45	3.00%
50	2.35%
55	2.03%
60	2.30%
65	0.00%

The rates shown are the ultimate withdrawal rates for participants with 3 or more years of service. For ages 45 or less, the rates for the first, second, and third year of employment are the above multiplied by 1.838 plus 0.0343, 1.393 plus 0.0056 and 1.240 minus 0.0046, respectively.

Asset valuation method

The Actuarial Value of Assets is Market Value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the of the gain/(loss) in the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on Market Value during the period less the expected return on Market Value based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of Market Value, including discounted receivable contributions.

The expected return on plan assets is 9.00% per annum, limited by PPA to the applicable Third Segment Rate as follows:

2011 measurement period:	6.57%
2010 measurement period:	6.82%

[1] For active participants not eligible for retirement.

Form 5500	Annual Return/Report of Employee Benefit Plan	OMB Nos. 1210-0110 1210-0089
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	2012 This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____

B This return/report is: ☒ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. ▶ ☒

D Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
Xylem Pension Plan for Bargaining Unit Employees-Auburn

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 01/01/2012

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
XYLEM INC.

1133 WESTCHESTER AVENUE

WHITE PLAINS NY 10604

2b Employer Identification Number (EIN) 45-2080495

2c Sponsor's telephone number 914-323-5700

2d Business code (see instructions) 333200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Dawn M. DeRue Signature of plan administrator	10/14/13 Date	DAWN DERUE Enter name of individual signing as plan administrator
SIGN HERE	John P. Connolly Signature of employer/plan sponsor	10/8/13 Date	JOHN P. CONNOLLY Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

XYLEM WATER SYSTEMS U.S.A. LLC

ONE GOULDS DRIVE

AUBURN NY 13021

3b Administrator's EIN 03-0540058

3c Administrator's telephone number 315-258-4830

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5 Total number of participants at the beginning of the plan year	5	162
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a, 6b, 6c, and 6d).		
a Active participants	6a	172
b Retired or separated participants receiving benefits	6b	2
c Other retired or separated participants entitled to future benefits	6c	3
d Subtotal. Add lines 6a, 6b, and 6c	6d	177
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e	0
f Total. Add lines 6d and 6e	6f	177
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust
(4) ☐ General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust
(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1) ☒ R (Retirement Plan Information)
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1) ☒ H (Financial Information)
(2) ☐ I (Financial Information – Small Plan)
(3) ☐ A (Insurance Information)
(4) ☐ C (Service Provider Information)
(5) ☒ D (DFE/Participating Plan Information)
(6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
Xylem Inc.

D Employer Identification Number (EIN)
45-2080495

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2012			
2	Assets:			
	a Market value	2a		0
	b Actuarial value	2b		0
3	Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	3a	0	0
	b For terminated vested participants	3b	1	130
	c For active participants:			
	(1) Non-vested benefits	3c(1)		376371
	(2) Vested benefits	3c(2)		290225
	(3) Total active	3c(3)	161	666596
	d Total	3d	162	666726
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]			
	a Funding target disregarding prescribed at-risk assumptions	4a		
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5		5.74%
6	Target normal cost	6		544092

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Suzanne Hughes
Signature of actuary

9/19/2013
Date

SUZANNE HUGHES
Type or print name of actuary

1107118
Most recent enrollment number

BUCK CONSULTANTS, LLC
Firm name

201-902-2615
Telephone number (including area code)

500 PLAZA DRIVE
SECAUCUS NJ 07096-1533
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 0.00%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of 0.00% except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	0.00%
15	Adjusted funding target attainment percentage	15	73.16%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	0.00%
17	If the current value of the assets of the plan is less than 70 percent of the funding target. enter such percentage.	17	0.00%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
03/29/2012	273000	0			
04/12/2012	147000	0			
07/12/2012	147000	0			
10/12/2012	147000	0			
12/19/2012	232000	0			
01/14/2013	147000	0			
09/13/2013	90000	0			
			Totals ▶ 18(b)	1183000	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	487784
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	650247

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
2.06%	5.25%	6.32%	☐ N/A. full yield curve used

b Applicable month (enter code)	21b	4
22 Weighted average retirement age	22	63

23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes." see instructions regarding required attachment	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes." see instructions regarding required attachment	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes." see instructions regarding required attachment	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules. enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):		
a Target normal cost (line 6)	31a	544092
b Excess assets. if applicable. but not greater than line 31a	31b	0

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	666726	105627
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year. enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	649719

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0

36 Additional cash requirement (line 34 minus line 35)	36	649719
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	650247
38 Present value of excess contributions for current year (see instructions)		
a Total (excess. if any. of line 37 over line 36)	38a	528
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39 Unpaid minimum required contribution for current year (excess. if any. of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

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Schedule SB, line 15 – Reconciliation of differences between valuation results and amounts used to calculate AFTAP

The AFTAP shown in the 2012 valuation report was 0%. The AFTAP certified by the Enrolled Actuary as of December 20, 2012, was 73.16%. The difference occurred due to 436 contributions of $272,039 and $231,504, which were made on March 29, 2012, and December 19, 2012.

2012 plan year schedule of AFTAP certifications:

Date of Certification	Adjusted Actuarial Value of Assets	Funding Balances	Funding Target	Comments
3/30/2012	$0	$0	$447,355	Less than 60% AFTAP (Range Certification)
3/30/2012	268,413[1]	0	447,355	At least 60% and less than 80% AFTAP (Range Certification)
12/20/2012	487,784[2]	0	666,726[3]	73.16% AFTAP (Specific AFTAP)

[1] Actuarial Value of Assets adjusted with the present value of $272,039 of contribution under IRC Section 436(e)(2) made on March 29, 2012.
[2] Actuarial Value of Assets adjusted with the present value of $231,504 of contribution under IRC Section 436(e)(2) made on December 19, 2012.
[3] Funding Target adjusted by $219,371 due to plan amendments effective during the 2012 Plan Year.

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Schedule SB, Line 19 - Discounted Employer Contributions

Date	Amount	Plan Year	Days Discounted at Effective Rate of 5.74%	Days Discounted at Penalty Rate of 10.74%	Discounted Value
Line 19b - Contributions Made to Avoid Benefit Restrictions					
3/29/2012	272,039	2012	88	N/A	268,413
12/19/2012	231,504	2012	353	N/A	219,371
Total	503,543				487,784
Line 19c - Contributions Allocated Toward Minimum Required Contribution for Current Year					
3/29/2012	961	2012	88	0	948
4/12/2012	147,000	2012	102	0	144,731
7/12/2012	147,000	2012	193	0	142,737
10/12/2012	147,000	2012	285	0	140,748
12/19/2012	496	2012	353	0	470
1/14/2013	147,000	2012	379	0	138,745
9/13/2013	90,000	2012	621	0	81,868
Total	679,457				650,247

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Schedule SB, line 22 – Description of Weighted Average Retirement Age

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula, modified so that the "½" is not used for t = FRA-ERA.

$$\frac{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t}) * (ERA + t + \frac{1}{2})}{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t})}$$

where

FRA	=	age by which everyone is assumed to retire
ERA	=	age before which nobody is assumed to retire
${}_tp_{ERA}$	=	probability of surviving at work to age ERA + t
q^r_{ERA+t}	=	probability of retiring at age ERA + t

Probability of

Age	Normal Retirement	Early Retirement
55		2.03%
56		2.05
57		2.07
58		2.14
59		2.19
60		2.30
61		2.37
62	70.00%	
63	30.00	
64	30.00	
65	30.00	
66	30.00	
67	30.00	
68	30.00	
69	30.00	
70	100.00	

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Schedule SB, Part V – Summary of Plan Provisions

Effective date

January 1, 2012.

Covered employees

Any employee of the Company who is covered by the collective bargaining agreement entered into by the Company and United Steelworkers of America, AFL-CIO, Local 9832 and an eligible employee of a Participating Unit on January 1, 2012.

Eligibility for participation

A covered employee becomes a member of the Plan on his date of employment.

Vesting service

Vesting service is equal to the elapsed period of time in completed years since a covered employee's date of employment.

Benefit service

In general, a covered employee earns one month of Benefit Service for each calendar month during which he has one hour of service after October 31, 2011.

Actuarial Equivalent

(1)	100% J&S	83% plus (minus) 0.75% for each year that the spouse is older (younger) than the Participant.
(2)	75% J&S	86.5% plus (minus) 0.50% for each year that the spouse is older (younger) than the Participant.
(3)	66-⅔ J&S	88% plus (minus) 0.50% for each year that the spouse is older (younger) than the Participant.
(4)	50% J&S	90% plus (minus) 0.50% for each year that the spouse is older (younger) than the Participant.
(5)	10-Year C&L	92% plus 0.50% for each year prior to age 65 or minus 1% for each year after age 65 Annuity Starting Date.

Normal retirement pension

Eligibility

Age 62 and five years of Vesting Service.

Schedule SB, Part V – Summary of Plan Provisions (Continued)

Basic monthly benefit

The amount of monthly benefit depends upon the member's date of retirement and is determined in accordance with the following schedule:

Last Day of Employment	Benefit Unit Per Year of Service prior to January 1, 2005	Benefit Unit Per Year of Service on or after January 1, 2005
Before December 31, 2012	$ 33.00	$ 42.00
December 31, 2012 - December 31, 2013	$ 34.00	$ 43.00
On or after December 31, 2013	$ 35.00	$ 44.00

Early retirement pension

Eligibility

Age 55 and five years of Vesting Service.

Benefit

Accrued pension deferred to age 62; or immediate pension equal to accrued pension reduced by 1/3% for each month by which commencement precedes normal retirement date.

Disability retirement pension

Eligibility

Total and permanent disability after five years of Vesting Service.

Benefit

Accrued pension under the Plan payable immediately.

Special disability retirement pension

Eligibility

Total and permanent disability after five years of Vesting Service.

Benefit

Accrued pension under the Former Pension Plan payable immediately but ceasing at age 62.

Deferred vested pension

Eligibility

Five years of Vesting Service.

Benefit

Accrued pension deferred to age 62, or reduced pension after age 55. Reduction same as for early retirement.

Spouse's benefit

Eligibility

Death after becoming eligible for a vested benefit.

Schedule SB, Part V – Summary of Plan Provisions (Continued)

Benefit

If the death of the member occurs while the member is actively employed, the benefit payable for life to the surviving spouse is 50% (reduced by 1% for each full year the surviving spouse is more than 10 years younger than the deceased member) of the member's accrued benefit as of the date of death. Benefit commences on the first day of the month next following the later of the date on which the member's death occurred and the date the member would have attained age 45.

If the death of the member occurs subsequent to the member's date of termination and prior to the commencement of benefit payments, the benefit payable for life to the surviving spouse is 50% of the member's accrued benefit as of the date of death reduced for early commencement of payments and for the 50% joint and survivor form of payment. This benefit is payable commencing on the earliest date the member could have retired and commenced benefit payments had he survived.

Normal form of benefit

Single

Life annuity.

Married

Reduced 50% joint and survivorship annuity.

Optional forms of benefit

(1) Life annuity.
(2) Ten Year Certain and Life annuity.
(3) 50% joint and survivorship annuity.
(4) 66-2/3% joint and survivorship annuity.
(5) 75% joint and survivorship annuity.
(6) 100% joint and survivorship annuity.

Contributions

Noncontributory.

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Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of January 1, 2012	Date Established	Remaining Installments	Shortfall Amortization Installment
Shortfall	$666,726	1/1/2012	7	$105,627