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

2014

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] 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 RETIREMENT SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/31/2011

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

1 INTERNATIONAL DRIVE
RYE BROOK, NY 10573

2b Employer Identification Number (EIN)
45-2080495

2c Plan 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.	11/02/2015	RHONDA MCKEEVER
	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

BENEFITS ADMIN COMMITTEE FOR THE XYLEM RETIREMENT SAVINGS PLAN

1 INTERNATIONAL DRIVE
RYE BROOK, NY 10573

3b Administrator's EIN: 47-4483506

3c Administrator's telephone number: 914-323-5700

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**	2324
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	2353
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	2255
b	Retired or separated participants receiving benefits	**6b**	131
c	Other retired or separated participants entitled to future benefits	**6c**	304
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	2690
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f	Total. Add lines **6d** and **6e**.	**6f**	2691
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	2376
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:
2E 2F 2G 2J 2K 2O 2R 2T 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)

Part III	**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2014** **This Form is Open to Public Inspection.**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
XYLEM RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

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

D Employer Identification Number (EIN)
45-2080495

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

GREAT-WEST FINANCIAL RPS, LLC

71-0930784

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

SEI TRUST COMPANY

06-1271230

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

CAPITAL RESEARCH AND MANAGEMENT CO.

95-1411037

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

NGAM DISTRIBUTION LP

399 BOYLSTON STREET
BOSTON, MA 02116

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GREAT-WEST FINANCIAL RPS, LLC

71-0930784

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 50 64	NONE	154065	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

JPMORGAN SECURITIES LLC

13-4110995

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26 33 50 59 71	NONE	14994	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

DELOITTE & TOUCHE LLP

13-3891517

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50 70	NONE	75000	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLIANCEBERNSTEIN 13-3211780	RATE OF .20% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLIANZ 06-1349805	RATE OF .10% OF SALES AND .06% OF AVERAGE DAILY BALANCE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMERICAN CENTURY 43-0821857	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMERICAN FUNDS 86-0206507	FIXED RATE $130,000 ANNUALLY

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BLACKROCK FUNDS 23-2784752	RATE OF .10% OF SALES AND .08% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
DELAWARE FUNDS 23-2791871	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
DREYFUS 13-2603136	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
EATON VANCE 04-3239487	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $50,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
FEDERATED 25-1203925	RATE OF .20% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
FIDELITY 04-2882358	RATE OF .20% OF SALES FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
FRANKLIN TEMPLETON 13-5599989	RATE OF .08 OF SALES AND .02%-.05% OF AVERAGE DAILY BALANCE OF ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
HARTFORD 06-0383750	RANGE OF .15-.20% OF SALES AND .03-.05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
INVESCO 74-1894784	RANGE OF .25% OF SALES AND .05% OF ASSETS OVER $600 MILLION

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
JOHN HANCOCK FUNDS 04-3111116	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
J.P. MORGAN FUNDS 74-2945358	RATE OF .10-.20% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
MFS 04-2747644	RATE OF .10% OF SALES AND .05% OF AVERAGE DAILY BALANCE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
NUVEEN 36-3817266	RATE OF .10%-.20% OF SALES AND .05% OF AVERAGE DAILY BALANCE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER 12-2953455	RATE OF .06% OF AVERAGE DAILY BALANCE

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PACIFIC LIFE FUNDS 95-2594489	RATE OF .25% OF SALES AND RANGE OF.03%-.05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO 33-0629048	RATE OF .10% OF SALES AND .03% OF AVERAGE DAILY BALANCE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRINCIPAL 91-1801401	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PUTNAM 26-0334814	RATE OF .25% OF SALES AND .05% OF AVERAGE DAILY BALANCE; FIXED RATE $40,000

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
J.P. MORGAN SECURITIES LLC	59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
TRANSAMERICA CAPITAL 95-3141953	RATE OF .25% OF SALES AND 0.05% OF AVERAGE NET ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
GREAT-WEST FINANCIAL RPS, LLC	15 64	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
J.P. MORGAN SECURITIES LLC 13-4110995	RATE OF 25% OF THE FEES COLLECTED BY J.P. MORGAN SECURITIES LLC FOR BROKERAGE ACCOUNT SERVICES

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

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

2014

This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
XYLEM RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

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: JPMCB STABLE ASSET FUND-SELECT

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-1978950-001	C	35822990

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2035-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-5819181-001	C	8232648

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2040-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-3063440-001	C	5868491

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2045-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-5819388-001	C	3253899

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2050-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-5819476-001	C	2596080

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT INCOME-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-3063490-001	C	6287594

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2030-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

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)
20-3063387-001	C	13870479

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2015-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

c EIN-PN 20-3063321-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 7890916

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2025-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

c EIN-PN 20-5819098-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 13087813

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB SMARTRETIREMENT 2020-C10

b Name of sponsor of entity listed in (a): J.P. MORGAN CHASE BANK

c EIN-PN 20-3063359-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 18294552

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)

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
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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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

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
XYLEM RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

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)	2940986	2899662
(2) Participant contributions	1b(2)	1223484	1599077
(3) Other	1b(3)	0	28049018
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)	5287357	5987504
(9) Value of interest in common/collective trusts	1c(9)	92380179	115205462
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(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)	77422077	129646593
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	55122940	947206

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	14227055	14370951
(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	248604078	298705473
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	45482	44802
k Total liabilities (add all amounts in lines 1g through1j)	1k	45482	44802
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	248558596	298660671

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)	12656253	
(B) Participants	2a(1)(B)	14131273	
(C) Others (including rollovers)	2a(1)(C)	1502038	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		28289564
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)	252735	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		252735
(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)	7852124	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		7852124
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	3031604	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1767121	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		1264483
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	101300	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		101300

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		9277525
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(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)		-1568457
c Other income	2c		-41922
d Total income. Add all **income** amounts in column (b) and enter total	2d		45427352
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	23175430	
(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)		23175430
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		-69739
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)	90253	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	137727	
(4) Other	2i(4)	40624	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		268604
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		23374295
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		22053057
l Transfers of assets:			
(1) To this plan	2l(1)		28049018
(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) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: DELOITTE & TOUCHE LLP **(2)** EIN: 13-3891517

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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

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

2014

This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan
XYLEM RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

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): 43-1796706

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**

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):

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Members of the
Xylem Retirement Savings Plan
Rye Brook, New York

We have audited the accompanying financial statements of the Xylem Retirement Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Xylem Retirement Savings Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2014 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedule has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

June 24, 2015

XYLEM RETIREMENT SAVINGS PLAN **EIN#: 45-2080495**

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS **PN: 001**

(HELD AT END OF YEAR) AS OF DECEMBER 31, 2014

(a)	(b) Identity of Issuer, Borrower, Lesser or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
*	Xylem Stock Fund	Common Stock	**	$ 14,370,950
*	Brokerage Account	Self-directed Brokerage Securities	**	947,206
	American Century Inflation-Adjusted Bond Fund	Registered Investment Company	**	732,084
	American Funds EuroPacific Growth Fund	Registered Investment Company	**	4,296,452
	American Funds New Perspective Fund	Registered Investment Company	**	19,967,969
	DFA Emerging Markets Fund	Registered Investment Company	**	739,772
	Eagle Small Cap Growth Fund	Registered Investment Company	**	5,882,092
*	JPMorgan Large Cap Growth Fund	Registered Investment Company	**	14,968,229
	Loomis Sayles Value Fund	Registered Investment Company	**	10,218,801
	Principal Mid Cap Blend Fund	Registered Investment Company	**	4,286,552
	Target Small Cap Value Portfolio	Registered Investment Company	**	6,714,729
	Vanguard Total Bond Market Index Fund	Registered Investment Company	**	9,430,187
	Vanguard Total International Stock Index Fund	Registered Investment Company	**	8,722,408
*	JPMorgan Disciplined Equity Fund	Registered Investment Company	**	36,988,832
*	JPMorgan Core Plus Bond Fund	Registered Investment Company	**	6,698,486
*	JPMCB SmartRetirement 2015-C10	Collective Trust	**	7,890,916
*	JPMCB SmartRetirement 2020-C10	Collective Trust	**	18,294,552
*	JPMCB SmartRetirement 2025-C10	Collective Trust	**	13,087,813
*	JPMCB SmartRetirement 2030-C10	Collective Trust	**	13,870,479
*	JPMCB SmartRetirement 2035-C10	Collective Trust	**	8,232,648
*	JPMCB SmartRetirement 2040-C10	Collective Trust	**	5,868,491
*	JPMCB SmartRetirement 2045-C10	Collective Trust	**	3,253,899
*	JPMCB SmartRetirement 2050-C10	Collective Trust	**	2,596,080
*	JPMCB SmartRetirement Income-C10	Collective Trust	**	6,287,594
*	JPMCB Stable Asset Income Fund	Collective Trust	**	35,822,990
		Total Investments		$ 260,170,211
*	Member Loans	Notes receivable from Members at interest rates from 3.25% to 10.50% maturing at various dates through 2029, net of deemed distributions of $91,120		$ 5,987,504

* Represents party-in-interest to the Plan.

** Cost information is not required for Member directed investments and, therefore, is not included.

See accompanying Independent Auditors' Report

Xylem Retirement Savings Plan

Employer ID No: 45-2080495
Plan Number: 001

Financial Statements as of December 31, 2014 and 2013, for the Year Ended December 31, 2014, Supplemental Schedule as of December 31, 2014, and Independent Auditors' Report

XYLEM RETIREMENT SAVINGS PLAN

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

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Members of the
Xylem Retirement Savings Plan
Rye Brook, New York

We have audited the accompanying financial statements of the Xylem Retirement Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Xylem Retirement Savings Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2014 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedule has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

June 24, 2015

XYLEM RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(In Thousands)

December 31,	**2014**	2013
ASSETS:		
Investments - at fair value:		
Member-directed investments:		
Equities and brokerage	**$ 15,318**	$ 15,088
Mutual funds	**129,647**	77,422
Collective trusts	**115,205**	92,380
Other managed accounts	**—**	54,262
Total investments	**260,170**	239,152
Receivables:		
Employer contributions	**2,900**	2,941
Member contributions	**1,599**	1,224
Notes receivable from Members	**6,079**	5,448
Receivable from plan merger	**28,049**	—
Total receivables	**38,627**	9,613
Total assets	**298,797**	248,765
LIABILITIES:		
Accrued expenses	**45**	45
Total liabilities	**45**	45
NET ASSETS REFLECTING ALL INVESTMENTS AT FAIR VALUE	**298,752**	248,720
Adjustment from fair value to contract value for fully benefit-responsive Stable Asset Income Fund	**(230)**	71
NET ASSETS AVAILABLE FOR BENEFITS	**$ 298,522**	$ 248,791

See accompanying notes to financial statements.

XYLEM RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(In Thousands)

Year Ended December 31,	2014
INVESTMENT ACTIVITY	
Net appreciation in fair value of investments	**$ 8,732**
Dividends	**7,852**
Total investment activity	**16,584**
CONTRIBUTIONS	
Employer	**12,656**
Members	**14,131**
Member rollovers	**1,502**
Total contributions	**28,289**
INTEREST INCOME ON NOTES RECEIVABLE FROM MEMBERS	**253**
DEDUCTIONS	
Distributions to Members	**(23,175)**
Trustee and administrative expenses	**(269)**
Total deductions	**(23,444)**
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS BEFORE TRANSFER	**21,682**
NET TRANSFERS INTO PLAN	
Transfer due from plan merger	**28,049**
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS	**49,731**
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of period	**248,791**
End of period	**$ 298,522**

See accompanying notes to financial statements.

XYLEM RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014 AND 2013, AND FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1. Description of The Plan

The following description of the Xylem Retirement Savings Plan (the “Plan”) is provided for general information purposes only. Participants (or “Members”) should refer to the Plan document for more complete information.

***General* -** The Plan is a defined contribution plan sponsored by Xylem Inc. (the “Company” or the “Plan Sponsor”) generally covering all non-union U.S. employees of the Company. JP Morgan Chase Bank, N.A. ("JP Morgan") is the trustee ("Trustee"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan financial statements and schedule have been prepared in accordance with the financial reporting requirements of ERISA and are set forth in this report as permitted by Item 4 of Form 11-K.

The Plan became effective on October 31, 2011 following the spin-off of the Company from ITT Corporation (the "Spin-off"). Effective January 1, 2013, the Plan was amended to change its name to the Xylem Retirement Savings Plan. The amendment also removed the requirement that an employee must be on a salaried payroll to be eligible to participate.

In the third quarter of 2014, JP Morgan sold its large market 401(k) record keeping business to Great-West Financial Retirement Plan Services, LLC ("Great-West") and Great-West became the Plan's record keeper. In the fourth quarter of 2014 Great-West re-branded to become Empower Retirement ("Empower").

In January 2015, all participants of the YSI Incorporated Salary Reduction Profit Sharing Plan and Trust (the "YSI Plan") became Members of the Plan. On January 2, 2015, the assets of the participants' balances of the YSI Plan totaling $28.0 million were transferred into the Plan. There were no loans receivable from participants. The YSI Plan asset transfer was initiated on December 31, 2014, therefore, it was recorded as a receivable in the Plan's Statement of Net Assets Available for Benefits as of December 31, 2014.

Effective July 1, 2014, the Plan was amended to change the term of Member general purpose loans to a period of 1 to 54 months, and to change the term of Member loans used in the purchase of a primary residence from 1 to 174 months. The terms were up to 60 months and 180 months, respectively.

In December 2013, all participants of the Multitrode Inc. 401(k) Profit Sharing Plan and Trust (the "Multitrode Plan") became Members of the Plan. On December 2, 2013, the assets of the participants' balances of the Multitrode Plan totaling $0.3 million were transferred into the Plan, including loans receivable from participants which were immaterial.

In January 2013, all participants of the O.I. Corporation 401(k) Plan (the "O.I. Plan") became Members of the Plan. On January 2, 2013, the assets of the participants' balances of the O.I. Plan totaling $8.4 million were transferred into the Plan, including loans receivable from participants of $0.1 million.

***Eligibility* -** All full time U.S. citizen and permanent resident non-union employees of the Company are eligible to participate in the Plan upon hire and are automatically enrolled in the Plan. All previously eligible employees at the Spin-off were transferred to the Plan. Part-time and temporary U.S. non-union employees are eligible upon completion of 1,000 hours of service in a 12-month period. Expatriates working in the U.S. are eligible upon completion of 36 months of service. However, employees of a subsidiary of the Company that participate in a similar qualified plan of that subsidiary are not eligible to participate in the Plan.

***Employee Contributions* -** A Member may generally elect to contribute 1% to 50% of eligible pay (“Salary” as defined by the Plan document). Members may designate their contributions as before-tax savings, after-tax savings or any combination of the two. A Member who is considered a Highly Compensated Employee under the Plan may

elect Plan contributions based on a maximum Salary as defined by the Plan document, but not participate in after-tax savings. Member contributions are subject to the dollar limitation provided by Section 402(g) of the Internal Revenue Code ("IRC"). All non-union employees who first satisfy the eligibility requirements for becoming a Member in the Plan on or after October 31, 2011, shall be automatically enrolled in the Plan at a 6% before-tax contribution rate until and unless the Member elects otherwise. Members may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Employer Contributions **-** The Company will make matching contributions to the Member's account equal to 50% of a Member's before-tax savings and after-tax savings, up to a maximum of 3% of a Member's Salary. In addition, the Company contributes 3% or 4% of Salary as a core contribution to each eligible Member's account, as defined by the Plan document. For Members with age plus years of service at the beginning of the Plan Year (includes service with ITT Corporation and the Company) of less than 50 years, the Company's contribution to the Member's account will be 3% of Salary. For Members with age plus years of service of 50 or more years at the beginning of the Plan Year, the Company's contribution to the Member's account will be 4% of Salary. Company contributions will be allocated in the Plan's investment options in the same proportion as the employee's contributions.

The Company contributed transition credits ("Transition Credits") for eligible Members. Members eligible for Transition Credits are those who were employed by ITT Corporation or one of its subsidiaries on October 30, 2011, and who automatically became a Member of the Plan on October 31, 2011, or who became an employee of ITT Corporation or Exelis Inc. on October 31, 2011 and who became a Member of the Plan immediately following termination from ITT Corporation or Exelis Inc. before March 1, 2012. The contribution for Transition Credits is made annually no later than the due date for the corporate tax return (March 15th of the following year). For Members whose age plus years of service total 60 to 69 at the beginning of the Plan Year, the Company shall make a Transition Credit contribution equal to 3% of the Member's Salary for the Plan Year. For Members whose age plus years of service of 70 or more at the beginning of the Plan Year, the Company shall make a Transition Credit contribution equal to 5% of the Member's Salary for the Plan Year. Transition Credits will cease on the earliest of the Member's date of termination or death, commencement of pension payments under the Exelis Salaried Retirement Plan (formerly the ITT Salaried Retirement Plan), a change in control of the Company, or October 31, 2016.

Investments **-** Members may direct employee contributions and Company contributions, in any whole percentage, among any of the Plan's twenty-four fund options and a self-directed brokerage account. Members can change their future contributions and reallocate accumulated investments in 1% increments on a daily basis among the twenty-five options. However, the number of investment option reallocations or transfers in any calendar month may be limited as defined by the Plan document.

Any Member or Company contributions directed by Members into the Xylem Stock Fund, including future contributions to the Plan, are deposited into the Employee Stock Ownership Plan account ("ESOP"). All dividends associated with the contributions held in the ESOP within the Plan are immediately 100% vested. In addition, Members can make an election regarding their ESOP dividends. Members can elect to have their ESOP dividends either reinvested in the Xylem Stock Fund or paid to them in cash on a quarterly basis.

The Plan limits the amount that may be held in the Xylem Stock Fund and the JP Morgan Securities LLC self-directed brokerage account ("JPMSDA") to 20% each of a Member's total account balance. Members who hold 20% or more of their total account balance in the Xylem Stock Fund or the JPMSDA will not be permitted to designate any future contributions or transfer balances into that fund. Members who hold less than 20% of their total account balance in the Xylem Stock Fund or the JPMSDA may designate up to 20% of future contributions or transfer balances into those funds, provided that the balance in each of the funds does not exceed 20% of the Member's total account balance after the transfer.

Member Accounts **-** Individual accounts are maintained for each Member. Each Member's account is credited with the Member's contributions, Company contributions, plan earnings or losses, and withdrawals, net of administrative expenses and investment management fees. Fund earnings and losses, as well as administrative expenses and

investment fees are allocated based on the applicable Member account balances, as defined in the Plan document. The benefit to which a Member is entitled is the benefit that can be provided from the Member's account balance.

Members can initiate transactions by using the Plan's web site or by speaking to a representative at the Retirement Service Center ("Benefits Center") at Empower Retirement.

Vesting - Members are immediately vested in their contributions and all Company contributions, as well as actual earnings or losses, and have a non-forfeitable right to their accounts in the Plan.

Forfeited Accounts - Members are always 100% vested in their accounts. Therefore, there were no forfeited non-vested accounts at December 31, 2014 and 2013, nor were there any forfeitures during the year ended December 31, 2014 that were used to reduce Company contributions to the Plan.

Notes Receivable from Members - A Member may request a loan in any specified whole dollar amount which must be at least $1,000 but which may not exceed the lesser of 50% of the vested account balance or $50,000, reduced by the Member's highest outstanding loan balance under all plans of the Company, if any, during the prior one-year period. The interest rate charged by the Plan is a reasonable rate of interest for loans commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances, as determined by the Plan document, and generally remains the same throughout the term of the loan. General purpose loan terms range from one to fifty-four months. If the loan is used in the purchase of a primary residence, the loan term can be for a period of up to one hundred-seventy-four months. Members may have up to two loans outstanding at the same time. Loans are secured by the balance in the Member's account. The Member's account is charged $50 to cover loan origination fees. The amount of outstanding Notes Receivable from Members at December 31, 2014 and 2013 was $6.1 million and $5.4 million, respectively.

Under certain circumstances, including a Member's failure to make timely loan repayments, the Benefits Administration Committee (the "Plan Administrator") may declare the Member's loan to be in default and the Plan may execute upon its security interest in the Member's account under the Plan to satisfy the debt.

A Member terminated from the Company may continue to make periodic repayment on such Member's loans after separation from the Company by contacting the Benefits Center, provided the Member's account plus the loan amount is greater than $5,000. Account balances that do not exceed $5,000 are subject to certain distribution rules (see below) and any outstanding loans are required to be settled. No new loans can be granted after termination of employment.

Distributions to Members - Upon termination of employment (including death, disability, or retirement) from the Company, a Member or the Member's surviving spouse beneficiary may elect to receive a lump-sum amount equal to the value of the Member's account paid in cash or as a rollover to another qualified plan or an Individual Retirement Account ("IRA"), or periodic payments under one of two alternative installment options, as defined in the Plan document. In any case, a Member or the Member's surviving spouse beneficiary whose account balance is more than $5,000 may elect to keep the Member's account balance in the Plan until the calendar year in which the Member reaches or would have reached age 70 ½. During the calendar year in which the Member attains age 70 ½, distribution from the Plan will commence in accordance with Section 401(a)(9) of the IRC. Upon the death of a Member, with a non-spouse beneficiary, the distribution must be made within five years from the Member's date of death in the form of a lump sum payment or annual fixed period installments, provided that the number of installments does not extend beyond five years from the date of the Member's death.

At any time before termination of employment, a Member may request a withdrawal subject to the provisions of the Plan document and shall conform to the standards set by the Plan Administrator. A Member who has not attained age 59 ½ may withdraw all or a portion of that Member's before-tax savings provided the Member has an immediate and heavy financial need and the withdrawal is necessary to satisfy such need as provided by the Plan document.

Direct Rollover of Certain Distributions - With respect to an eligible rollover distribution, the Member or the Member's beneficiary may elect, at the time and in a manner prescribed by the Plan Administrator for such purpose, to have the Plan make a direct rollover of all or part of such withdrawal or distribution to a maximum of two eligible retirement plans which accept such rollover.

If a Member's account balance is greater than $1,000 but does not exceed $5,000 and the Member fails to make an affirmative election to either receive the lump sum payment or have it directly rolled over to another qualified plan or an IRA within the thirty day election period, the account balance will be automatically rolled over to an IRA established in the Member's name.

If a Member's account balance is $1,000 or less and the Member fails to make an affirmative election to either receive the lump sum payment or have it directly rolled over to another qualified plan or an IRA within the thirty day election period, the account balance will be automatically paid out to the Member.

Administrative and Investment Management Expenses - The Plan pays for expenses incurred in conjunction with Plan administration, including trustees, record keeping, and audit fees up to 0.25% of the market value of trust assets and the Company pays all other expenses incurred in administering the Plan**.** The record keeper receives revenue from mutual fund and collective trust fund service providers for services provided to the funds. This revenue is used to offset certain amounts owed for administrative services incurred by the Plan. In 2014, the Plan incurred trustee and administrative expenses which equal 0.10% of the market value of trust assets. Certain administrative functions are performed by employees of the Company (who may also be Members in the Plan). No such employee receives compensation from the Plan.

In addition to the trustee and administrative expense charges, an investment management fee is charged by the majority of the investment funds. These investment management fees are included in the net asset value ("NAV") of the fund calculated by the investment manager of the respective fund and are reflected as a reduction of investment return for such investments.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties - The Plan utilizes various investment instruments, including common stock, mutual funds, collective trusts, government securities, corporate debt and a stable asset income fund. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the values of Members' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition - The Plan's investments are measured at fair value except for the JPMCB Stable Asset Income Fund ("SAIF") which is stated at fair value and then adjusted to contract value (Note 5). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). A more detailed description of the individual types of securities and their valuation methods can be found in Note 3.

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

Fully Benefit-Responsive Investment Contracts - While Plan investments are presented at fair value in the statements of net assets available for benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the statements of net assets available for benefits, because contract value is the relevant measurement attributed for that portion of the Plan's net assets available for benefits. The statement of changes in net assets available for benefits is presented on a contract value basis. Contract value represents contributions made to a contract, plus earnings, less participant withdrawals and administrative expenses. See Note 5 for more information on the stable value funds which hold fully benefit-responsive investment contracts.

Contributions Receivable - The Plan accrues contributions receivable based on the period of Members' service to the Company.

Distributions to Members - Payments to Members are recorded upon distribution. There were no Members who elected to withdraw from the Plan, but had not yet been paid at December 31, 2014 and 2013. Additionally, for loans declared in default the principal and accrued interest are recorded as a distribution.

Notes Receivable from Members - Notes Receivable from Members (a "loan") are recorded at their unpaid principal balance plus any accrued but unpaid interest. In the event that a Member fails to make timely loan repayments, the loan may be considered to be in default. In the event default is declared, the outstanding loan balance and any accrued interest may be treated as a withdrawal prior to termination of employment subject to the withdrawal provisions outlined in the Plan document and may be determined to be a fully taxable distribution from the Plan.

Plan Mergers - Plan assets received as a result of a plan merger are recorded in accordance with the effective date of the transfer. When the transfer of assets is initiated prior to the effective date of the plan merger, a receivable is recorded until the transaction is completed and the assets are included in the Plan.

New Accounting Standards - In May 2015, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2015-07"). ASU 2015-07 changes certain disclosure requirements for investments for which fair value is measured at NAV per share (or its equivalent) using the practical expedient including eliminating the requirement to classify these investments within the fair value hierarchy. The new guidance is effective for public entities' reporting periods beginning after December 15, 2015 and early adoption is permitted. The Plan did not early adopt this guidance. The adoption will not have a material effect on the Plan's statements of net assets available for benefits or the statement of changes in net assets available for benefits. The Plan is currently evaluating the impact of the ASU 2015-07 on the disclosures in the financial statements.

Note 3. Fair Value Measurements

The Plan determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. We use a hierarchical structure to prioritize the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of inputs within the fair value hierarchy are identified as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as 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.

Level 3 - Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Plan's policy is to recognize significant transfers between levels at the beginning of the reporting period. There were no significant transfers between levels during 2014 and 2013.

The following is a description of the valuation methodologies and inputs used to measure fair value for major categories of investments.

- Equities and Other Common Shares - Common and preferred stock are valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. The Xylem Stock Fund invests primarily in the Company's common stock, which is traded on the New York Stock Exchange ("NYSE") under the ticker symbol XYL and is valued at its NAV. The NAV of the Xylem Stock Fund is computed based on the closing price of the Company's common stock reported by the NYSE at the measurement date, plus the NAV of the short-term money market fund included in the Xylem Stock Fund, divided by the number of units outstanding. The money market fund portion of the Xylem Stock Fund provides liquidity, which enables the Plan Members to transfer money daily among all investment choices. These securities are classified in Level 1 of the fair value hierarchy.
- Brokerage Accounts - Securities held in the JPMSDA are valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. These securities are classified in Level 1 of the fair value hierarchy.
- Mutual Funds - Mutual funds of registered investment companies are publicly traded in active markets and valued at the closing price reported on those major markets as of the measurement date. Generally, fair value is measured at NAV. Mutual funds are classified within Level 1 of the fair value hierarchy.
- Collective Trusts ("CTs") - CTs 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. CTs invest in debt and equity securities, the mix of which varies by fund. CTs are valued using the NAV provided by the administrators of the CTs. There are no unfunded commitments related to the CTs and investments in CTs can be redeemed on a daily basis. CTs are classified in Level 2 of the fair value hierarchy.
- Other Managed Accounts - The Other Managed Accounts are separately managed accounts ("SMAs") with specific investment objectives, managed by professional investment managers. SMAs invest in corporate debt, equity securities, government securities and other investments, the mix of which varies by fund. The NAV is reported as of the measurement date as determined by the trustees of the SMAs or their agents. The NAV is computed based on the closing price of the underlying holdings adjusted for investment management and performance fees. SMAs are classified in Level 2 of the fair value hierarchy.

While the Plan Administrator believes that the valuation methods are appropriate and consistent with how other participants in the market value these types of investments, 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. There have been no changes in the methodologies used at December 31, 2014 and 2013.

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value at December 31, 2014.

(in thousands)	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2) *	Significant Unobservable Inputs (Level 3)	Total
Equities				
Employer Securities	$ 14,371	$ —	$ —	$ 14,371
Brokerage	947	—	—	947
Mutual Funds				
Inflation-Adjusted Bond Fund	732	—	—	732
Growth Fund	4,296	—	—	4,296
New Perspective Fund	19,968	—	—	19,968
Emerging Markets Fund	740	—	—	740
Small Cap Growth Fund	5,882	—	—	5,882
Large Cap Growth Fund	14,968	—	—	14,968
Value Fund	10,219	—	—	10,219
Mid Cap Blend Fund	4,287	—	—	4,287
Small Cap Value Fund	6,715	—	—	6,715
Bond Market Index Fund	9,430	—	—	9,430
International Stock Index Fund	8,723	—	—	8,723
Large Cap Blend Fund	36,989	—	—	36,989
Intermediate Term Bond Fund	6,698	—	—	6,698
Collective Trusts				
Asset Allocation Funds (a)	—	79,382	—	79,382
Stable Asset Income Fund (b)	—	35,823	—	35,823
Totals	$ 144,965	$ 115,205	$ —	$ 260,170

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value at December 31, 2013.

(in thousands)	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2) *	Significant Unobservable Inputs (Level 3)	Total
Equities				
Employer Securities	$ 14,227	$ —	$ —	$ 14,227
Brokerage	861	—	—	861
Mutual Funds				
Inflation-Adjusted Bond Fund	846	—	—	846
Growth Fund	4,173	—	—	4,173
New Perspective Fund	19,754	—	—	19,754
Emerging Markets Fund	716	—	—	716
Small Cap Growth Fund	6,220	—	—	6,220
Large Cap Growth Fund	13,154	—	—	13,154
Value Fund	9,752	—	—	9,752
Mid Cap Blend Fund	3,199	—	—	3,199
Small Cap Value Portfolio	6,452	—	—	6,452
Bond Market Index Fund	6,305	—	—	6,305
International Stock Index Fund	6,851	—	—	6,851
Collective Trusts				
Asset Allocation Funds (a)	—	58,299	—	58,299
Stable Asset Income Fund (b)	—	34,081	—	34,081
Other Managed Funds				
Balanced Fund (c)	—	16,099	—	16,099
U.S. Smart Index Fund (d)	—	31,767	—	31,767
Long Term Bond Fund (e)	—	6,396	—	6,396
Totals	$ 92,510	$ 146,642	$ —	$ 239,152

* The fair values of the Level 2 investments have been estimated using the NAV of the investment. These investments have a daily redemption frequency, no unfunded commitments, no redemption notice period and no other redemption restrictions.

(a) The Asset Allocation Funds are JPMCB target date retirement funds, made up of multiple asset classes with observable inputs including a combination of equity, fixed income, real estate and short-term investment vehicles. The funds are meant to align with an expected retirement date. The investment allocation within each fund will likely change over time in order to maintain optimal portfolio construction. The funds will become increasingly more conservative as the target retirement date approaches.

(b) The Stable Asset Income Fund seeks to preserve the value of money invested, perform better than the average money market fund and earn consistent reliable returns. The fund invests in a variety of high quality, interest-paying securities offered with a companion investment contract called a "benefit responsive wrap".

(c) The Balanced Fund's objective is long-term appreciation while controlling risk through active asset allocation. The equity sector can range from 40% to 75% of the portfolio. The opportunistic style of management looks for companies that have the best trade-off between earnings growth and attractive valuation characteristics. The fixed income sector of the portfolio is focused on high quality bonds and is actively managed with respect to duration. This means the fund will alter the duration of the bond portfolio depending on the interest rate outlook.

(d) The U.S. Smart Index Fund seeks to provide capital appreciation from a portfolio of large-company U.S. stocks. The fund is comprised of 250-400 large-cap stocks from the S&P 500 Index and offers the benefits of active investment management while maintaining a risk profile similar to that of the S&P 500 Index. The fund excludes stocks in the S&P 500 Index that research shows are most likely to under perform, and diversifies across industry sectors to help minimize market volatility.

(e) The Long-Term Bond Fund invests in a diversified portfolio of fixed securities and sectors. It is designed for investors who seek a steady flow of income from high quality securities and want to direct part of their overall investment mix to bonds for income that has the potential to compound over time.

Note 4. Investments

The following table presents investments that are 5% or more of the Plan's net assets available for benefits at December 31, 2014 and 2013:

(in thousands)	**2014**	2013
JPMorgan Disciplined Equity Fund **	**$ 36,989**	$ —
JPMCB Stable Asset Income Fund	**35,823**	34,081
American Funds New Perspective Fund	**19,968**	19,754
JPMCB SmartRetirement 2020-C10	**18,295**	13,122
JPMorgan Large Cap Growth Fund	**14,968**	13,154
Xylem Stock Fund	**14,371**	14,227
JPMCB SmartRetirement 2030-C10	**13,870**	*
JP Morgan US Smart Index Fund ***	**—**	31,767
Jennison Dryden Balanced Fund ***	**—**	16,099

* Represents less than 5% of the Plan's net assets

** Initial fund investment during 2014

*** Funds exited during 2014

For the year ended December 31, 2014, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

(in thousands)	
Equities	
Employer Securities	$ 1,366
Brokerage	(42)
Mutual Funds	
Inflation-Adjusted Bond Fund	—
Growth Fund	(164)
New Perspective Fund	(656)
Emerging Markets Fund	(53)
Small Cap Growth Fund	(328)
Large Cap Growth Fund	1,135
Value Fund	(127)
Mid Cap Blend Fund	225
Small Cap Value Portfolio	(320)
Bond Market Index Fund	196
International Stock Index Fund	(698)
Large Cap Blend Fund	(746)
Intermediate Term Bond Fund	(32)
Collective Trusts	
Asset Allocation Funds	4,402
Stable Asset Income Fund	513
Other Managed Funds	
Balanced Fund	920
U.S. Smart Index Fund	2,791
Long Term Bond Fund	350
Net Appreciation in Fair Value of Investments	$ 8,732

Note 5. Stable Asset Income Fund

The SAIF is a collective trust fund that is considered to be a stable value fund with underlying investments in investment contracts, bonds and debt instruments and is valued at fair value and then adjusted by the issuer to contract value. Fair value of the SAIF is the NAV, after adjusting all underlying investments in fully benefit-responsive investment contracts to fair value. The NAV of the SAIF reflects the contract values of the underlying investments in fully benefit-responsive investment contracts. Individual Member accounts invested in the SAIF are maintained on a unit value basis. Members do not have beneficial ownership in specific underlying securities or other assets in the various funds, but have an interest therein represented by units valued as of the last business day of the period. Members can ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Contract value represents contributions made to the SAIF, plus earnings, less Member withdrawals and administrative expenses.

The SAIF is primarily comprised of investment contracts called benefit responsive wraps ("wrap contracts") that are issued by banks and insurance companies. The wrap contracts help to stabilize the value and returns of the SAIF. These contracts are backed by fixed income portfolios that primarily consist of U.S. Treasury, agency, investment grade corporate, mortgage-backed and asset-backed securities. The SAIF's primary objective is to seek to provide

capital preservation, liquidity and current income at levels that are typically higher than those provided by money market funds. The SAIF also invests in other collective investment trust funds and a separate account established, operated and maintained by JP Morgan and other third party advisers. The investment objectives of these underlying investment vehicles are as follows:

- The Commingled Pension Trust Fund (Intermediate Bond) of JP Morgan seeks to generate positive total returns over a 1-3 year horizon with consistent income.
- The Commingled Pension Trust Fund (Liquidity) of JP Morgan seeks to preserve principal, provide liquidity, generate current income and maintain a stable net asset value of $1.00 per unit by investing in a portfolio of high quality, short-term investments.
- MetLife Separate Account is maintained to provide long-term total return in excess of the Barclays U.S. Intermediate Aggregate Bond Index.

The SAIF imposes certain restrictions on the Plan, and the SAIF itself may be subject to circumstances that affect its ability to transact at contract value. The Plan Administrator believes that the occurrence of events that would cause the SAIF to transact at less than contract value is not probable.

Limitations on the Ability of the SAIF to Transact at Contract Value:

Restrictions on the Plan - Member-initiated transactions are those transactions permitted by the Plan document, including withdrawals for benefits, loans or transfers to noncompeting funds within a plan, but excluding withdrawals that are deemed to be caused by the actions of the Plan Sponsor. The transfer of assets from SAIF directly into a competing option is prohibited without a 90-day equity wash rule and may limit the ability of SAIF to transact at contract value. The following employer-initiated events may limit the ability of the SAIF to transact at contract value:

- A failure of the Plan or its trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA;
- Any communication given to Plan Members designed to influence a Member not to invest in the SAIF or to transfer assets out of the SAIF;
- The establishment of a defined contribution plan that competes with the Plan for employee contributions; and
- Complete or partial termination of the Plan or its merger with another plan.

Circumstances that affect the SAIF - In a typical wrap contract, the wrap issuer agrees to pay a portfolio the difference between the contract value and the market value of the underlying assets once the market value has been totally exhausted. The wrap contracts generally contain provisions that limit the ability of the SAIF to transact at contract value upon the occurrence of certain events. These events include:

- Any substantive modification of the SAIF or the administration of the SAIF that is not consented to by the wrap issuer;
- Any change in law, regulation, or administrative ruling applicable to a plan that could have a material adverse effect on the SAIF’s cash flow; and
- Employer-initiated transactions by participating plans as described above.

In the event that wrap contracts fail to perform as intended, the SAIF’s NAV may decline if the market value of its assets decline. The SAIF’s ability to receive amounts due pursuant to these wrap contracts is dependent on the third-party issuer’s ability to meet their financial obligations. The wrap issuer’s ability to meet its contractual obligations under the wrap contracts may be affected by future economic and regulatory developments.

The SAIF is unlikely to maintain a stable NAV if for any reason it cannot obtain or maintain wrap contracts covering all of its underlying assets. This could result from any number of reasons including but not limited to, the SAIF’s inability to promptly find a replacement wrap contract following termination of a wrap contract. Wrap contracts are not transferable and have no trading market. There are a limited number of wrap issuers. The SAIF may lose the benefit of wrap contracts on any portion of its assets in default in excess of a certain percentage of portfolio assets.

Note 6. Exempt Party-In-Interest Transactions

ERISA section 406(a) prohibits various types of transactions between a plan and parties in interest. Parties in interest are defined by the Department of Labor regulation as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. ERISA section 408(a) contains specific exemptions whereby plans may engage in certain transactions with parties in interest that are otherwise prohibited by law.

JP Morgan remained the Trustee and custodian for 2014 as defined by the Plan document. As detailed in the attached Schedule H, certain Plan investments are funds managed by JP Morgan. Therefore, the following tables present investment balances and transactions that qualify as party-in-interest.

	December 31,	
(in thousands)	**2014**	2013
Fair Value of Funds maintained by JP Morgan:		
Collective trusts	**$ 115,205**	$ 92,380
Mutual funds	**58,656**	13,154
Other managed accounts	**—**	38,163

(in thousands)	**2014**
Fees paid for services provided by JP Morgan:	
Administrative services	**$ 8**
Trustee Services	**29**

JP Morgan and Empower, as record keepers received revenue from mutual fund and collective trust fund service providers for services provided to the funds. This revenue was used to offset certain amounts owed to JP Morgan and Empower for their administrative services to the Plan.

At December 31, 2014 and 2013, the Plan held 373,127 and 407,281 shares outstanding of common stock of the Company, respectively, with a cost basis of $6.9 million and $6.9 million, respectively. During 2014, the Plan recorded related net appreciation of $1.4 million on Company stock.

Member loans also qualify as party-in-interest transactions and amounted to $6.1 million and $5.4 million at December 31, 2014 and 2013, respectively.

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

Note 7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event that the Plan is terminated, Member account balances would not be impacted, since all contributions and related earnings are immediately vested.

Note 8. Federal Income Tax Status

The Plan became effective October 31, 2011, and a request for an Internal Revenue Service ("IRS") determination letter that the Plan and related trust are 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 Company believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC, and the Plan and the related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires the Company 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 Company has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014 and 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods since the Plan became effective.

Note 9. Subsequent Events

For the year ended December 31, 2014, subsequent events were evaluated through June 24, 2015, the date the financial statements were available to be issued. Effective March 1, 2015, the Plan's trust agreement was amended to reflect a change in Trustee from JP Morgan to Great-West Trust Company, LLC ("GWTC"). GWTC currently serves as the custodian for the Plan's assets with the exception of the Xylem Stock Fund.

Note 10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of notes receivable from Members per the statements of net assets available for benefits to notes receivable from Members per Form 5500 as of December 31, 2014 and 2013:

(in thousands)	**2014**	2013
Notes receivable from Members per the statements of net assets available for benefits	**$ 6,079**	$ 5,448
Less: amounts deemed distributed for tax purposes	**(91)**	(161)
Notes receivable from Members per Form 5500	**$ 5,988**	$ 5,287

The following is a reconciliation of deemed distributions per the statement of changes in net assets available for benefits to deemed distributions to Members per Form 5500 for the year ended December 31, 2014:

(in thousands)	**2014**
Deemed distributions per the statement of changes in net assets available for benefits	**$ —**
Add: amounts deemed distributed for tax purposes - December 31, 2014	**91**
Less: amounts deemed distributed for tax purposes - December 31, 2013	**(161)**
Deemed distributions to Members per Form 5500	**$ (70)**

The following is a reconciliation of net assets available for benefits per the financial statements to the net assets available for benefits per Form 5500 as of December 31, 2014 and 2013:

(in thousands)	**2014**	2013
Net assets available for benefits per the financial statements	**$ 298,522**	$ 248,791
Add: adjustment from fair value to contract value for fully benefit responsive investment contracts	**230**	(71)
Less: amounts deemed distributed for tax purposes	**(91)**	(161)
Net assets available for benefits per Form 5500	**$ 298,661**	$ 248,559

The following is a reconciliation of the increase in net assets available for benefits per the financial statements to the net income per Form 5500 for the year ended December 31, 2014:

(in thousands)	2014
Increase in net assets available for benefits per the financial statements	**$ 49,731**
Add: change in the adjustment from fair value to contract value for fully benefit responsive investment contracts	**301**
Less: amounts deemed distributed for tax purposes - December 31, 2014	**(91)**
Add: amounts deemed distributed for tax purposes - December 31, 2013	**161**
Net income per Form 5500	**$ 50,102**

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SUPPLEMENTAL SCHEDULE

XYLEM RETIREMENT SAVINGS PLAN **EIN#: 45-2080495**

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS **PN: 001**

(HELD AT END OF YEAR) AS OF DECEMBER 31, 2014

(a)	(b) Identity of Issuer, Borrower, Lesser or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
*	Xylem Stock Fund	Common Stock	**	$ 14,370,950
*	Brokerage Account	Self-directed Brokerage Securities	**	947,206
	American Century Inflation-Adjusted Bond Fund	Registered Investment Company	**	732,084
	American Funds EuroPacific Growth Fund	Registered Investment Company	**	4,296,452
	American Funds New Perspective Fund	Registered Investment Company	**	19,967,969
	DFA Emerging Markets Fund	Registered Investment Company	**	739,772
	Eagle Small Cap Growth Fund	Registered Investment Company	**	5,882,092
*	JPMorgan Large Cap Growth Fund	Registered Investment Company	**	14,968,229
	Loomis Sayles Value Fund	Registered Investment Company	**	10,218,801
	Principal Mid Cap Blend Fund	Registered Investment Company	**	4,286,552
	Target Small Cap Value Portfolio	Registered Investment Company	**	6,714,729
	Vanguard Total Bond Market Index Fund	Registered Investment Company	**	9,430,187
	Vanguard Total International Stock Index Fund	Registered Investment Company	**	8,722,408
*	JPMorgan Disciplined Equity Fund	Registered Investment Company	**	36,988,832
*	JPMorgan Core Plus Bond Fund	Registered Investment Company	**	6,698,486
*	JPMCB SmartRetirement 2015-C10	Collective Trust	**	7,890,916
*	JPMCB SmartRetirement 2020-C10	Collective Trust	**	18,294,552
*	JPMCB SmartRetirement 2025-C10	Collective Trust	**	13,087,813
*	JPMCB SmartRetirement 2030-C10	Collective Trust	**	13,870,479
*	JPMCB SmartRetirement 2035-C10	Collective Trust	**	8,232,648
*	JPMCB SmartRetirement 2040-C10	Collective Trust	**	5,868,491
*	JPMCB SmartRetirement 2045-C10	Collective Trust	**	3,253,899
*	JPMCB SmartRetirement 2050-C10	Collective Trust	**	2,596,080
*	JPMCB SmartRetirement Income-C10	Collective Trust	**	6,287,594
*	JPMCB Stable Asset Income Fund	Collective Trust	**	35,822,990
		Total Investments		$ 260,170,211
*	Member Loans	Notes receivable from Members at interest rates from 3.25% to 10.50% maturing at various dates through 2029, net of deemed distributions of $91,120		$ 5,987,504

* Represents party-in-interest to the Plan.

** Cost information is not required for Member directed investments and, therefore, is not included.

See accompanying Independent Auditors' Report