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 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

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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.)
- ☒ a single-employer plan
- ☐ a DFE (specify) ____

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
XYLEM RETIREMENT SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/31/2011

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
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.	10/12/2017	CHRISTOPHER LOGAN
	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)

Preparer's telephone number

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**	2918
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)**	2347
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	2305
b	Retired or separated participants receiving benefits	**6b**	8
c	Other retired or separated participants entitled to future benefits	**6c**	537
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	2850
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	2
f	Total. Add lines **6d** and **6e**.	**6f**	2852
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	2825
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 2S 2T 3H 2R

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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan	**B** Three-digit plan number (PN) ▶	
XYLEM RETIREMENT SAVINGS PLAN		001
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)	
XYLEM INC.	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

JPMORGAN CHASE BANK, N.A.

13-4994650

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

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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)

CONNER & WINTERS

73-1388566

(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?
29	ATTORNEY/LEGAL	59849	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
37 64 65 71	RECORDKEEPER	51953	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

CAPFINANCIAL PARTNERS, LLC

26-0058143

(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?
27	INVESTMENT ADVISOR	22000	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)

STRATEGIC ADVISORS, INC.

04-2654524

(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?
27	ADVISOR	19743	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

CROWE HORWATH LLP

35-0921680

(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	ACCOUNTANT/AUDITOR	10625	Yes [ ] No [X]	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
(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.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(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.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(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.	

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

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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: XYLEM INC. RET. SAV. MASTER TRUST

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
45-3304527-301	M	331303020

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
20-3063321-001	C	0

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
20-3063359-001	C	0

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
20-5819098-001	C	0

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	0

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	0

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	0

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 20-5819388-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

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 20-5819476-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

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 20-3063490-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

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 20-1978950-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

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

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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)

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

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	3218724	3014486
(2) Participant contributions	1b(2)	1610353	1938802
(3) Other	1b(3)	0	55995145
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	6120738	7462002
(9) Value of interest in common/collective trusts	1c(9)	136864629	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	331303020
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	150545049	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	1031886	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	**1d(1)**	13807440	0
	(2) Employer real property	**1d(2)**	0	0
e	Buildings and other property used in plan operation	**1e**	0	0
f	Total assets (add all amounts in lines 1a through 1e)	**1f**	313198819	399713455
	Liabilities			
g	Benefit claims payable	**1g**	0	0
h	Operating payables	**1h**	0	0
i	Acquisition indebtedness	**1i**	0	0
j	Other liabilities	**1j**	19431	133608
k	Total liabilities (add all amounts in lines 1g through1j)	**1k**	19431	133608
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	**1l**	313179388	399579847

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)**	14404280	
	(B) Participants	**2a(1)(B)**	17155631	
	(C) Others (including rollovers)	**2a(1)(C)**	1834762	
	(2) Noncash contributions	**2a(2)**	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	**2a(3)**		33394673
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	**2b(1)(A)**	-30	
	(B) U.S. Government securities	**2b(1)(B)**	0	
	(C) Corporate debt instruments	**2b(1)(C)**	0	
	(D) Loans (other than to participants)	**2b(1)(D)**	0	
	(E) Participant loans	**2b(1)(E)**	626692	
	(F) Other	**2b(1)(F)**	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	**2b(1)(G)**		626662
	(2) Dividends: **(A)** Preferred stock	**2b(2)(A)**	0	
	(B) Common stock	**2b(2)(B)**	112227	
	(C) Registered investment company shares (e.g. mutual funds)	**2b(2)(C)**	756767	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	**2b(2)(D)**		868994
	(3) Rents	**2b(3)**		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	**2b(4)(A)**	17064806	
	(B) Aggregate carrying amount (see instructions)	**2b(4)(B)**	8128080	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	**2b(4)(C)**		8936726
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	**2b(5)(A)**	0	
	(B) Other	**2b(5)(B)**	-6532015	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	**2b(5)(C)**		-6532015

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		2674388
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		15820678
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		176530
c Other income	2c		161584
d Total income. Add all **income** amounts in column (b) and enter total	2d		56128220
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	28912455	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		28912455
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		-12391
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	12444	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	122582	
(4) Other	2i(4)	398582	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		533608
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		29433672
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		26694548
l Transfers of assets:			
(1) To this plan	2l(1)		59705911
(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: CROWE HORWATH LLP **(2)** EIN: 35-0921680

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

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

Part IV Compliance Questions

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

During the plan year:

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

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		15000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l	X		4
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	X		
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

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

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

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 sections 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

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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**

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 04-6568107

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):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

XYLEM RETIREMENT SAVINGS PLAN
FORM 5500, SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (Held at End of Year)
EIN#: 45-2080495 PN: 001
DECEMBER 31, 2016

(a) Party in interest	(b) Identity of Issuer, Borrower, Lesser or Similar Party including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(c) Description of Asset	(d) Cost**	(e) Current Value
*	Xylem Inc.	Xylem Inc. Common Stock	**	17,722,163.70
	Fidelity BrokerageLink	Member-Directed Brokerage Securities	**	1,296,717.39
*	Fidelity	Retirement Government Money Market Fund	**	73,343.12
	New York Life	Anchor Account Stable Value (Collective Trust)	**	40,927,174.52
	Vanguard	Vanguard Total Intl Total Stock Index Fund	**	9,020,980.86
	JP Morgan	JP Morgan Core Plus Bond Fund	**	15,358,681.71
	Vanguard	Vanguard 500 Index Fund	**	13,624,267.54
	Vanguard	Vanguard Extended Market Index Fund	**	1,575,498.00
	Vanguard	Vanguard Total Bond Market Index Fund	**	10,923,772.71
	MFS Investment Management	MFS Mid Cap Value Fund	**	3,393,913.69
	JP Morgan	JP Morgan Disciplined Equity Fund	**	29,793,259.99
	American Funds	American Funds EuroPacific Growth Fund	**	6,893,303.99
	American Funds	American Funds New Perspective Fund	**	15,316,295.80
	Vanguard	Vanguard Inst Target Retirement Income Fund	**	6,520,938.67
	Vanguard	Vanguard Inst Target Retirement 2010 Fund	**	105,184.54
	Vanguard	Vanguard Inst Target Retirement 2015 Fund	**	5,704,875.64
	Vanguard	Vanguard Inst Target Retirement 2020 Fund	**	22,702,756.80
	Vanguard	Vanguard Inst Target Retirement 2025 Fund	**	18,500,357.09
	Vanguard	Vanguard Inst Target Retirement 2030 Fund	**	18,616,670.01
	Vanguard	Vanguard Inst Target Retirement 2035 Fund	**	13,079,260.68
	Vanguard	Vanguard Inst Target Retirement 2040 Fund	**	10,270,453.71
	Vanguard	Vanguard Inst Target Retirement 2045 Fund	**	5,523,695.05
	Vanguard	Vanguard Inst Target Retirement 2050 Fund	**	4,505,403.67
	Vanguard	Vanguard Inst Target Retirement 2055 Fund	**	307,836.50
	Vanguard	Vanguard Inst Target Retirement 2060 Fund	**	127,973.70
	Prudential	Prudential QMA Small Cap Value Fund	**	8,894,667.64
	John Hancock	John Hancock Disciplined Value Fund	**	11,770,683.56
	Principal Funds	Principal MidCap Fund	**	14,715,381.68
	JP Morgan	JP Morgan Large Cap Growth Fund	**	16,863,121.41
	Eagle Funds	Eagle Small Cap Growth Fund	**	7,174,536.30
*	Various	Participant Loans 3.25% to 10.50%	**	7,462,002.15
	Total			338,765,171.82

* Represents Party-in-interest

** Cost information is not required for participant directed investments

Xylem Retirement Savings Plan

Financial Statements as of December 31, 2016 and 2015
and for the Year Ended December 31, 2016,
and Supplemental Schedules as of and for the year ended December 31, 2016, and
Independent Auditor's Report

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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.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Xylem Retirement Savings Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the 2016 supplemental Schedule G, Part III – Schedule of Nonexempt Transactions and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

New York, New York
June 26, 2017

XYLEM RETIREMENT SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(In Thousands)

December 31,	**2016**	2015
ASSETS:		
Plan's interest in The Xylem Inc. Retirement Savings Master Trust		
Member-directed investments at fair value	**$ 290,376**	$ —
Member-directed investments at contract value	**40,927**	—
Investments at Fair Value	—	302,249
Receivables:		
Employer contributions	**3,015**	3,219
Member contributions	**1,939**	1,610
Notes receivable from Members	**7,496**	6,180
Receivable from plan merger	**55,995**	—
Total receivables	**68,445**	11,009
Total assets	**399,748**	313,258
LIABILITIES:		
Accrued expenses	**134**	19
Total liabilities	**134**	19
NET ASSETS AVAILABLE FOR BENEFITS	**$ 399,614**	$ 313,239

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,	2016
INVESTMENT ACTIVITY:	
Net appreciation in fair value of investments	**$ 5,611**
Dividends	**869**
Plan's interest in the investment income of The Xylem Inc. Retirement Savings Master Trust	**15,821**
Total investment activity	**22,301**
OTHER INCOME	**162**
CONTRIBUTIONS:	
Employer	**14,404**
Members	**17,156**
Member rollovers	**1,835**
Total contributions	**33,395**
INTEREST INCOME ON NOTES RECEIVABLE FROM MEMBERS	**270**
DEDUCTIONS:	
Distributions to Members	**(28,926)**
Trustee and administrative expenses	**(533)**
Total deductions	**(29,459)**
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS BEFORE TRANSFER	**26,669**
NET TRANSFERS INTO PLAN	
Transfer from plan merger	**57,306**
Transfer from other plans	**2,400**
Total transfers	**59,706**
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS	**86,375**
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	**313,239**
End of year	**$ 399,614**

See accompanying notes to financial statements.

XYLEM RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND 2015, AND FOR THE YEAR ENDED DECEMBER 31, 2016

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. The Plan became effective on October 31, 2011 following the spin-off of the Company from ITT Corporation (the "Spin-off"). 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 Company entered into a trust agreement with Fidelity Management Trust Company ("Fidelity"), effective July 1, 2016, to act as the Plan trustee, custodian and record keeper ("Trustee") and the Plan became part of The Xylem Inc. Retirement Savings Master Trust ("Master Trust"). Certain participants of the Plan had additional account balances with other plans sponsored by the Company. During the transition to Fidelity, those participants' balances of $2.4 million were transferred into the Plan on July 1, 2016, including notes receivable from Members of $104,050.

Investments in the Master Trust at December 31, 2016 are shown on the Master Trust Schedule of Assets (Held at End of Year) as filed with the U.S. Department of Labor, Washington, D.C., under identification number 45-3304527. The Plan's share of the assets as of December 31, 2016 is also presented in that filing.

Effective March 1, 2015, the Plan's trust agreement was amended to reflect a change in Trustee from JP Morgan Chase Bank, N.A. ("JP Morgan") to Great-West Trust Company ("GWTC"). GWTC served as the custodian for the Plan's assets with the exception of the Xylem Stock Fund and the J.P. Morgan Securities LLC Self-Directed Brokerage Account ("JPMSDA") until the change to Fidelity in July 2016.

Various plan amendments were executed during 2016 and 2015 in order to perform administrative updates which had no material impact to the Plan. During 2016, the amendments included the addition of an option for the Members to elect to contribute to Roth savings.

On December 31, 2016, the Godwin Pumps of America, Inc. Profit Sharing Plan and Trust (the "Godwin Plan"), the Heartland Pumps 401(k) Profit Sharing Plan (the "Heartland Plan"), and the Xylem Water Solutions Zelienople Retirement Savings Plan (the "Zelienople Plan") were merged into the Plan. In January 2017, all participants of the Godwin Plan and the Heartland Plan became Members of the Plan. Subsequent to the Zelienople Plan freeze on July 1, 2010, those participants became Members of the Plan. Notes receivable were recorded on the date of the merger and are included on the notes receivable from Members line of the statement of net asset available for benefits. The investment assets were liquidated on December 31, 2016 and received by the Plan on January 3, 2017. The following are the amounts per plan:

- Godwin Plan - $47.8 million investment assets and $1.2 million notes receivable from Members
- Heartland Plan - $2.0 million investment assets and $87,646 notes receivable from Members
- Zelienople Plan - $6.1 million investment assets and $40,740 notes receivable from Members

In January 2016, the Plan was amended and restated in preparation for the normal Cycle E filing for an Internal Revenue Service ("IRS") determination letter that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (“IRC”). The Plan filed the request on January 29, 2016 within the normal Cycle E filing period.

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 pre-tax contributions, Roth contributions, after-tax contributions or any combination of the three. 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 contributions. Member contributions are subject to the dollar limitation provided by Section 402(g) of the IRC. All non-union employees shall be automatically enrolled in the Plan at a 6% pre-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 pre-tax contributions, Roth contributions and after-tax contributions, 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 contributes 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 Harris Corporation Salaried Retirement Plan (formerly the Exelis Salaried Retirement Plan and the ITT Salaried Retirement Plan), a change in control of the Company, or October 31, 2016.

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 (www.netbenefits.com) or by speaking to a Fidelity Representative at 800-835-5095.

Investments - Members may direct employee contributions and Company contributions, in any whole percentage among any of the Plan's investments, which include Xylem Inc. stock and a self-directed brokerage account (Fidelity's "BrokerageLink"). Members can change their future contributions and reallocate accumulated investments in 1% increments on a daily basis among the investment 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 Xylem Inc. stock, 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 Xylem Inc. stock or paid to them in cash on a quarterly basis.

The Plan limits the amount that may be held in Xylem Inc. stock and BrokerageLink to 20% each of a Member's total account balance. Members who hold 20% or more of their total account balance in Xylem Inc. stock or BrokerageLink 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 Xylem Inc. stock or BrokerageLink 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.

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.

Distributions to Members - Upon termination of employment (including death, disability, or retirement) from the Company, a Member or the Member's 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 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.

Withdrawals Prior to Termination - 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 can withdraw amounts of its after-tax contributions as provided by the Plan document. A Member who has attained age 59 ½ may withdraw all or any portion of its pre-tax contributions as provided by the Plan document. A Member who has not attained age 59 ½ may withdraw all or a portion of its pre-tax contributions 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.

Forfeited Accounts - Members are always 100% vested in their accounts. Therefore, there were no forfeited non-vested accounts at December 31, 2016 and 2015, nor were there any forfeitures during the year ended December 31, 2016 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, 2016 and 2015 was $7.5 million and $6.2 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 Fidelity, 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 above) and any outstanding loans are required to be settled. No new loans can be granted after termination of employment.

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 Members' accounts are charged quarterly for administrative fees. The record keeper receives revenue from mutual 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 2016, the Plan incurred trustee and administrative expenses which equal 0.16% of the Plan's interest in the investments in the Master Trust. 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 under the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect 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, guaranteed investment contracts and collective trusts. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, liquidity 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 changes 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. 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 held in the Master Trust 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 (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Contributions Receivable - The Plan accrues contributions receivable based upon payroll deferrals during the Plan year but not yet deposited.

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, 2016 and 2015. Additionally, for loans declared in default the principal and accrued interest are recorded as a distribution.

Notes Receivable from Members - Notes Receivable from Members ("loan" or "loans") are recorded at their unpaid principal balance plus any accrued but unpaid interest with no allowance for credit losses as repayments of principal and interest are received through payroll deductions and the loans are collateralized by the Members' accounts.

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.

New Accounting Standards - In February 2017, the Financial Accounting Standards Board ("FASB") issued guidance regarding amendments to the disclosure of certain master trust reporting for employee benefit plans. The amendments require a plan's interest in a master trust and any change in that interest to be presented in separate line items in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively. The amendment removes the requirement to disclose the percentage interest and requires that all plans disclose the dollar amount of their interest in each general type of investment. The amendments also requires all plans to disclose (1) their master trust's other assets and liability balances and (2) the dollar amount of the plan's interest in each of those balances. The amendments are effective for fiscal years beginning after December 15, 2018 and applied retrospectively to each period presented. Early adoption is permitted. The Plan is evaluating the impact of this new guidance on its statement of net assets available for benefits, statement of changes in net assets available for benefits and other disclosures.

Note 3. Fair Value Measurements

We determine 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 at the measurement date. We use a hierarchical structure to prioritize the inputs to valuation techniques used to measure fair value into three broad levels defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices (in non-active markets or in active markets for similar assets or liabilities), inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable inputs for the assets or liabilities.

The fair value hierarchy is based on maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value. Classification within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

NAV Practical Expedient is the measurement of fair value using the net asset value ("NAV") per share (or its equivalent) as an alternative to the fair value hierarchy as discussed above.

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 2016 and 2015.

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

- Employer Common Stock - Common stock is valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. Xylem Inc. stock is traded on the New York Stock Exchange (“NYSE”) under the ticker symbol XYL and is valued at the Plan's year-end date. These securities are classified in Level 1 of the fair value hierarchy.
- Member-Directed Brokerage Accounts - Securities held in BrokerageLink 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. Mutual funds are classified within Level 1 of the fair value hierarchy.
- Collective Trusts (“CTs”) - CTs are valued at fair value at the Plan's year-end date using the NAV provided by the administrators of the CTs as a practical expedient. There are no unfunded commitments related to the CTs and investments in CTs can be redeemed on a daily basis. CTs are not classified in 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, 2016 and 2015.

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust investments measured at fair value at December 31, 2016.

(in thousands)	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient	Total
Employer Common Stock	**$ 19,346**	**$ —**	**$ —**	**$ —**	**$ 19,346**
Member-Directed Brokerage Accounts	**1,297**	**—**	**—**	**—**	**1,297**
Mutual Funds	**298,835**	**—**	**—**	**—**	**298,835**
Totals	**$ 319,478**	**$ —**	**$ —**	**$ —**	**$ 319,478**

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, 2015.

(in thousands)	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient	Total
Employer Common Stock	$ 13,672	$ —	$ —	$ —	$ 13,672
Member-Directed Brokerage Accounts	1,032	—	—	—	1,032
Mutual Funds	150,680	—	—	—	150,680
Collective Trusts	—	—	—	136,865	136,865
Totals	$ 165,384	$ —	$ —	$ 136,865	$ 302,249

Note 4. Guaranteed Investment Contract

The Master Trust holds fully benefit-responsive investment contracts (traditional guaranteed investment contract or "GIC") with New York Life Insurance Company ("NY Life"), also referred to as the Stable Value Accounts that are reported at contract value. NY Life manages these investments and maintains the contributions in its pooled separate account (branded as the "Anchor Account"). The assets of the Anchor Account are owned by NY Life. The Anchor Account is credited with earnings on the underlying investments and is charged for participant withdrawals and administrative expenses. Participants ordinarily may direct the withdrawal or transfer of all or a portion of their investments at contract value. The contract has no maturity date, but contract years begin on January 1 of each year.

Under the terms of the contracts interest will accrue daily, be credited monthly and the rate cannot be less than zero percent. The daily rate fluctuates based on the underlying investments. Realized gains and losses are amortized over the target duration.

Restrictions - Participant-initiated transactions are those transactions allowed by the Plan, 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. No direct transfers to competing investment options are permitted under the GIC. Any transfers out of the GIC must first go through a non-competing investment option and reside there for at least 90 days before transfer to a competing option, directed-brokerage account, or a mutual fund window. However, the GIC shall not be subject to a market value adjustment if the Plan provides at least 12 months advance written notice to NY Life. The following employer-initiated events may limit the ability of the Plan 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 participants designed to influence a participant not to invest in the GIC or to transfer assets out of the GIC;
- 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.

Plan management believes that the occurrence of an event that would cause the Plan to transact contract distributions at less than contract value is not probable.

Note 5. Master Trust

All of the Plan investments consist of an interest in an investment account of the Master Trust established by the Company and administered by Fidelity as of December 31, 2016. Use of the Master Trust permits the commingling of trust assets with the assets of certain other Company savings plans for investment and administrative purposes. Although assets of participating plans are commingled in the Master Trust, supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans are maintained. The net assets of the Master Trust are allocated based on individual participant account balances in the respective plans. The daily net investment income of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. There were no investment assets held outside the Master Trust at December 31, 2016. The Plan became part of the Master Trust on July 1, 2016.

The following table presents the fair value of investments in the Master Trust at December 31, 2016 and 2015:

(in thousands)	2016	2015
Employer securities	**$ 19,346**	$ 1,445
Mutual funds	**298,835**	19,140
Member-directed brokerage account	**1,297**	—
Collective trusts	**—**	18,152
Total investments at fair value	**319,478**	38,737
Stable value account	**49,015**	—
Total investments	**$ 368,493**	$ 38,737
Plan's interest in the Master Trust	**$ 331,303**	$ —
Plan's interest in the Master Trust as percentage of total (Note a)	**89.91%**	—%

For the year ended December 31, 2016 the Master Trust's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

(in thousands)	2016
Employer securities	$ 2,200
Mutual funds	8,587
Collective trusts	227
Net appreciation in fair value of investments	11,014
Interest and Dividend income	7,308
Total investment gain of the Master Trust	$ 18,322
Plan's interest in Master Trust investment gain (Note a)	$ 15,821

Note a: The Plan was added to the Master Trust on July 1, 2016. Therefore, the above tables only include Plan balances at December 31, 2016 and for the six months ended December 31, 2016.

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.

Effective July 1, 2016, Fidelity was the Trustee and custodian for all of the Master Trust's investments. Fidelity or one of its affiliates manages BrokerageLink, as well as the Fidelity Government Money Market Fund.

There were administrative services fees paid to Fidelity or one of its affiliates during 2016.

JP Morgan was the Trustee for part of 2015 and remained custodian for certain plan investments as defined by the Plan document until July 2016. Certain Plan investments were funds issued by JP Morgan or one of its affiliates.

There were administrative fees paid to JP Morgan or one of its affiliates during 2016.

Record keepers, Empower Retirement ("Empower") for 2015 and up to July 2016, then Fidelity since July 2016, 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 the record keepers for their administrative services to the Plan.

At December 31, 2016, the Master Trust held 390,617 shares of common stock of the Company with a cost basis of $8.5 million. At December 31, 2015, the Plan held 374,629 shares of common stock of the Company with a cost basis of $7.3 million. During the six months ended June 30, 2016, the Plan recorded related net appreciation of $2.9 million and dividends of $0.1 million on Company stock. For the six months ended December 31, 2016, the Master Trust recorded related net appreciation of $1.9 million and dividends of $0.1 million on Company stock.

Member loans also qualify as party-in-interest transactions and amounted to $7.5 million and $6.2 million at December 31, 2016 and 2015, respectively.

During 2016, the Plan reported a prohibited transaction. The Company paid $10,000 in fees related to a Voluntary Correction Program filing ("VCP"). The Plan reimbursed the Company the $10,000 which was prohibited under ERISA. The transaction was corrected in 2016 with the Company returning the money to the Plan.

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 IRS determination letter that the Plan and related trust are designed in accordance with applicable sections of the IRC has been filed. The Plan filed the request on January 29, 2016 within the normal Cycle E filing period. The IRS response is still pending. 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, 2016 and 2015, 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 in progress. The Company believes the Plan is no longer subject to income tax examinations for years prior to 2013.

Note 9. Subsequent Events

A determination letter was received from the IRS on June 9, 2017 indicating that the Plan and related trust are designed in accordance with applicable sections of the IRC.

Note 10. Reconciliation of Financial Statements to Form 5500

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, 2016 and 2015:

(in thousands)	2016	2015
Net assets available for benefits per the financial statements	**$ 399,614**	$ 313,239
Less: amounts deemed distributed for tax purposes	**(34)**	(59)
Net assets available for benefits per Form 5500	**$ 399,580**	$ 313,180

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, 2016:

(in thousands)	2016
Increase in net assets available for benefits per the financial statements	**$ 86,375**
Less: Transfers into plan - December 31, 2016	**(59,706)**
Less: amounts deemed distributed for tax purposes - December 31, 2016	**(34)**
Add: amounts deemed distributed for tax purposes - December 31, 2015	**59**
Net income per Form 5500	**$ 26,694**

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

FORM 5500, SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS **PN: 001**

(HELD AT END OF YEAR) AS OF DECEMBER 31, 2016

(a) Party in interest	(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
*	Member Loans	Notes receivable from Members at interest rates from 3.25% to 10.50% maturing at various dates through 2031, net of deemed distributions of $34,074	**	$7,462,002

* Represents party-in-interest to the Plan.

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

See accompanying Independent Auditor's Report

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

FORM 5500, SCHEDULE G, PART III - NONEXEMPT TRANSACTIONS **PN: 001**

FOR THE YEAR ENDED DECEMBER 31, 2016

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transaction including maturity date, rate of interest, collateral, par or maturity value	(d) Purchase price	(e) Selling price
Xylem Inc.	Plan Sponsor	Plan reimbursed the Company for payment of Plan's VCP filing fee.	n/a	n/a

(f) Lease rental	(g) Transaction Expense	(h) Cost of asset	(i) Current value of asset	(j) Net gain (or loss) on each transaction
n/a	n/a	$10,000	$10,000	$0

See accompanying Independent Auditor's Report