

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
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
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	<u>XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES</u>	1b Three-digit plan number (PN) ▶	<u>028</u>
		1c Effective date of plan	<u>01/01/1965</u>
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)	2b Employer Identification Number (EIN) <u>45-2080495</u> 2c Plan Sponsor's telephone number <u>914-323-5700</u> 2d Business code (see instructions) <u>333200</u>		
<u>XYLEM INC.</u> <u>1 INTERNATIONAL DRIVE</u> <u>RYE BROOK, NY 10573</u>			

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.	10/13/2017	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 ADMINISTRATION COMMITTEE FOR XYLEM BELL & GOSSETT RETIREMENT PLANS 1 INTERNATIONAL DRIVE RYE BROOK, NY 10573	3b Administrator's EIN 47-4518931
	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	5 765
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) 270
a(2) Total number of active participants at the end of the plan year	6a(2) 0
b Retired or separated participants receiving benefits.....	6b 0
c Other retired or separated participants entitled to future benefits	6c 0
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 2
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: 1B 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply)	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	(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	b General Schedules
(1) ☒ R (Retirement Plan Information)	(1) ☒ H (Financial Information)
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) ☐ I (Financial Information – Small Plan)
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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

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

A Name of plan <u>XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>028</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>XYLEM INC.</u>	D Employer Identification Number (EIN) <u>45-2080495</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>	
2 Assets:	
a Market value	2a <u>29609591</u>
b Actuarial value	2b <u>31940110</u>
3 Funding target/participant count breakdown	
a For retired participants and beneficiaries receiving payment.....	(1) Number of participants <u>411</u> (2) Vested Funding Target <u>20461426</u> (3) Total Funding Target <u>20461426</u>
b For terminated vested participants.....	<u>84</u> <u>1593116</u> <u>1593116</u>
c For active participants.....	<u>270</u> <u>11689634</u> <u>11904942</u>
d Total.....	<u>765</u> <u>33744176</u> <u>33959484</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.03 %</u>
6 Target normal cost.....	6 <u>1046855</u>

Statement by Enrolled Actuary

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

SIGN HERE		<u>09/15/2017</u>
	Signature of actuary	Date
<u>MATTHEW L. BOND</u>	Type or print name of actuary	<u>17-07596</u>
		Most recent enrollment number
<u>AON CONSULTING, INC.</u>	Firm name	<u>203-523-8470</u>
		Telephone number (including area code)
<u>MERRITT 7 CORPORATE PARK BUILDING 201 NORWALK, CT 06851</u>	Address of the firm	

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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

Part II		Beginning of Year Carryover and Prefunding Balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>-3.50</u> %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		320
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.23</u> %		20
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c	Total available at beginning of current plan year to add to prefunding balance		340
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III		Funding Percentages	
14	Funding target attainment percentage	14	94.05%
15	Adjusted funding target attainment percentage	15	94.05%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	96.98%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and Liquidity Shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
04/15/2016	447000	0	
07/15/2016	447000	0	
10/14/2016	186000	0	
01/13/2017	361000	0	
08/18/2017	238000	0	
09/08/2017	6000000	0	
Totals ►		18(b)	7679000
		18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 7043537
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost					
21	Discount rate:					
a	Segment rates:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">1st segment: 4.43%</td> <td style="width: 33%;">2nd segment: 5.91%</td> <td style="width: 33%;">3rd segment: 6.65%</td> </tr> </table>	1st segment: 4.43%	2nd segment: 5.91%	3rd segment: 6.65%	☐ N/A, full yield curve used
1st segment: 4.43%	2nd segment: 5.91%	3rd segment: 6.65%				
b	Applicable month (enter code)	21b	4			
22	Weighted average retirement age	22	66			
23	Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute					
Part VI	Miscellaneous Items					
24	Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No					
25	Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No					
26	Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No					
27	If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27				
Part VII	Reconciliation of Unpaid Minimum Required Contributions For Prior Years					
28	Unpaid minimum required contributions for all prior years	28	0			
29	Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0			
30	Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0			
Part VIII	Minimum Required Contribution For Current Year					
31	Target normal cost and excess assets (see instructions):					
a	Target normal cost (line 6)	31a	1046855			
b	Excess assets, if applicable, but not greater than line 31a	31b	0			
32	Amortization installments:	Outstanding Balance	Installment			
a	Net shortfall amortization installment	2019374	556152			
b	Waiver amortization installment	0	0			
33	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0			
34	Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	1603007			
		Carryover balance	Prefunding balance			
35	Balances elected for use to offset funding requirement		0			
36	Additional cash requirement (line 34 minus line 35)	36	1603007			
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	7043537			
38	Present value of excess contributions for current year (see instructions)					
a	Total (excess, if any, of line 37 over line 36)	38a	5440530			
b	Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0			
39	Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0			
40	Unpaid minimum required contributions for all years	40	0			
Part IX	Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)					
41	If an election was made to use PRA 2010 funding relief for this plan:					
a	Schedule elected	☐ 2 plus 7 years ☐ 15 years				
b	Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011				
42	Amount of acceleration adjustment	42				
43	Excess installment acceleration amount to be carried over to future plan years	43				

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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 BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	028
C Plan sponsor's name as shown on line 2a of Form 5500 XYLEM INC.	D Employer Identification Number (EIN) 45-2080495	

Part I	Service Provider Information (see instructions)
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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)..... ☐ 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

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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)

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

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(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:	SUZANNE HUGHES	b EIN:	13-3954297
c Position:	ACTUARY		
d Address:	500 PLAZA DRIVE SECAUCUS, NJ 07096-1533	e Telephone:	201-902-2615

Explanation: AS A RESULT OF A CHANGE IN THE FIRMS PROVIDING ACTUARIAL SERVICES, THE ENROLLED ACTUARY HAS CHANGED.

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:

<div>SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2016</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016					
A Name of plan XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES				B Three-digit plan number (PN) ▶ 028	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 XYLEM INC.				D Employer Identification Number (EIN) 45-2080495	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: INV. MASTER TRUST OF XYLEM INC.					
b Name of sponsor of entity listed in (a): XYLEM INC.					
c EIN-PN 37-6491099-302		d Entity code M		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)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	

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Schedule D (Form 5500) 2016 v.160205

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

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

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

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>028</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>XYLEM INC.</u>	D Employer Identification Number (EIN) <u>45-2080495</u>	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	667000	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	28998522	0
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	29665522	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	43960	0
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	43960	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	29621562	0
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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)	1679000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1679000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		1866112
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3545112

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2268830	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		2268830
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2268830

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1276282
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		30897844

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ 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 ☐ 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:

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.).....

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.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k	X		
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
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: 0

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)
XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES	45-2080495	053

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 3985772 . (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.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>028</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>XYLEM INC.</u>	D Employer Identification Number (EIN) <u>45-2080495</u>

Part I	Distributions
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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	<u>0</u>
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): <u>36-1561860</u>		
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	<u>0</u>

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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

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: <u>0.0</u> % 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
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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 Bell & Gossett Pension Plan for Hourly Employees

Financial Statements as of December 31, 2016 and 2015,
and for the Years Ended December 31, 2016 and 2015,
and Independent Auditor's Report

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

INDEPENDENT AUDITOR'S REPORT

Benefits Administration Committee
Xylem Bell & Gossett Pension Plan for Hourly Employees
Rye Brook, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Xylem Bell & Gossett Pension Plan for Hourly Employees, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by The Northern Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2016 and 2015, and for the years then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

Emphasis of Matter

As described in Note 1, effective December 30, 2016, the Plan was merged into the Xylem Water Solutions Zelenople for Hourly Paid Employees Plan, which changed its name to the Xylem Pension Plan for U.S. Hourly Employees. Our opinion is not modified with respect to this matter.

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

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

Crowe Horwath LLP

Crowe Horwath LLP

New York, New York
September 25, 2017

XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,	2016	2015
ASSETS		
Investments - at fair value:		
Plan's interest in the Investment Master Trust of Xylem Inc.	\$ —	\$ 28,998,522
Employer contribution receivable	<u>599,000</u>	<u>667,000</u>
Total assets	599,000	29,665,522
LIABILITIES		
Accrued administrative expenses	—	43,960
Due to other plan	<u>599,000</u>	<u>—</u>
Total Liabilities	599,000	43,960
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ —</u></u>	<u><u>\$ 29,621,562</u></u>

See accompanying notes to financial statements.

XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31,	2016	2015
ADDITIONS		
Plan's interest in the investment income (loss) of the Investment Master Trust of Xylem Inc.	\$ 2,288,078	\$ (1,023,986)
Employer contributions	1,679,000	1,873,000
Total additions	3,967,078	849,014
DEDUCTIONS		
Benefits paid to participants	2,268,830	2,136,753
Administrative expenses	421,966	322,773
Total deductions	2,690,796	2,459,526
NET INCREASE (DECREASE) IN ASSETS AVAILABLE FOR BENEFITS BEFORE TRANSFER	1,276,282	(1,610,512)
TRANSFER FROM PLAN		
Transfer to other plan due to merger	(30,897,844)	—
NET DECREASE IN ASSETS AVAILABLE FOR BENEFITS	(29,621,562)	(1,610,512)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	29,621,562	31,232,074
End of year	\$ —	\$ 29,621,562

See accompanying notes to financial statements.

XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Plan

The following description of the Xylem Bell & Gossett Pension Plan for Hourly Employees (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General - The Plan is a defined benefit pension plan covering the hourly employees of Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America located at the Morton Grove facility, Illinois of Fluid Handling, LLC ("Employer"), a subsidiary of Xylem Inc. (the "Company" or "Plan Sponsor"). The Benefits Administration Committee ("Plan Administrator"), as appointed by the Board of Directors of the Company, controls and manages the operation and administration of the Plan, while the Pension Fund Trust and Investment Committee directs the managers of the Plan's investments. The Northern Trust Company (the "Trustee") serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan was established January 1, 1965 by ITT Corporation as the ITT Bell & Gossett Hydronics Pension Plan for Hourly Employees. Effective October 31, 2011, as part of the spin-off from ITT Corporation, sponsorship of the Plan was transferred to the Company. Effective January 1, 2012, the Plan was renamed Xylem Bell & Gossett Pension Plan for Hourly Employees.

The Plan's assets include an undivided interest in an investment account of the Investment Master Trust of Xylem Inc. ("Master Trust"), EIN 37-6491099, as of and for the year ended December 31, 2015. The Master Trust includes the combined assets of the Plan as well as several other employee benefit plans sponsored by the Company and its subsidiaries (collectively the "Participating Plans").

Use of the Master Trust permits the commingling of Plan assets with the assets of other Participating Plans for investment and administrative purposes. Although Plan assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net income or losses of the Master Trust to the Participating Plans. The net investment income or losses of the investment account is allocated by the Trustee to each Participating Plan based on the relationship of the interest of each Participating Plan to the total of the interests of the Participating Plans. A schedule of Master Trust assets has been filed with the U.S. Department of Labor and includes the Plan's proportionate share of such assets at December 31, 2016 and 2015.

The Plan was amended effective December 30, 2016 to merge the Plan into the Xylem Water Solutions Zelienople for Hourly Paid Employees plan, which changed its name to the Xylem Pension Plan for U.S. Hourly Employees (the "Xylem Pension Plan"). The merger was completed on December 30, 2016 and the assets transferred from the Plan were \$30,897,844 and included a contribution receivable of \$599,000. The related accumulated plan benefits were also transferred. The Company's other U.S. hourly pension plans were also merged into the Xylem Pension Plan on that date.

In January 2016, the Plan was amended and restated to prepare for the normal Cycle E filing for an updated Internal Revenue Service ("IRS") determination letter that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code ("IRC"). The Plan filed the request on January 29, 2016 within the normal Cycle E filing period. The IRS has determined and informed the Company by a letter dated April 20, 2017, that the Plan and related trust are designed in accordance with the applicable sections of the IRC.

The Plan was amended effective August 14, 2015 to increase the monthly benefit rate for future credited service and no new participants will be added to the Plan after August 14, 2015.

Eligibility - All Employer hourly employees of Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America located at the Morton Grove facility, Illinois are eligible to participate upon the attainment of the earlier of (i) the date the employee completes three years of continuous service; or (ii) the date the employee completes one year of continuous service and reaches age 21. Effective August 14, 2015 the Plan is closed to new participants.

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

Pension Benefits - Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payments are determined by multiplication of a benefit rate, which depends upon the period of credited service by the total number of years of credited service, not to exceed 45 years. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested.

Participants are eligible to receive early retirement benefits between the ages of 55 and 65, upon completion of five years of credited service. Early retirement benefits are computed in a manner similar to normal retirement at age 65, except that they are reduced by certain factors, as outlined in the Plan document, for each month that the early retirement date precedes the normal retirement date.

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

A participant, who has attained age 50, has completed 15 years of continuous service and who becomes totally and permanently disabled is eligible to receive a disability retirement benefit. The amount of the benefit is computed, as it would be for normal retirement based on the participant's years of credited service as of the date of disability.

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

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

Note 2. Summary of Significant Accounting Policies

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

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

Risks and Uncertainties - The Plan's interest in the Master Trust includes investments in mutual funds, exchange traded notes, collective trusts and limited partnerships. Investments, in general, are exposed to various risks, such as interest rate risk, credit risk, liquidity risk, and overall market volatility. Due to the level of risk associated with certain Plan investments, it is at least reasonably possible that changes in the values

of certain Plan investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

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

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

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

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

Note 3. Investments - Unaudited Information

The Northern Trust Company, Trustee of the Plan, holds investment assets and executes transactions therein, and substantially all information pertaining to the Plan's investments included in the financial statements, including the associated investment income (loss), has been certified as complete and accurate by them. This information has not been audited by independent accountants.

Note 4. Fair Value Measurement

The Plan determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan uses 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) practical expedient 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 during 2016 and 2015.

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

- *Cash and cash equivalents* - Cash investments are short term investment commingled trust vehicles which are valued using the NAV practical expedient provided by the fund manager, and are not classified within the fair value hierarchy.
- *Mutual Funds* - Mutual funds are publicly traded in active markets and valued at the closing price reported on those major markets on the measurement date. Mutual funds are classified within Level 1 of the fair value hierarchy.
- *Exchange Traded Notes ("ETNs")* - ETNs are senior, unsecured, unsubordinated debt securities issued by an underwriting bank. ETNs have a maturity date and are backed only by the creditor of the issuer. Returns of ETNs are usually linked to the performance of a market benchmark or strategy. ETNs are valued at the closing price reported in the exchange in which the ETNs are traded. ETNs 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. Investments in CTs can be redeemed on a daily basis, except as noted below, and there are no unfunded commitments. CTs are not classified within the fair value hierarchy.
- *Limited Partnerships* - A Limited Partner is the investor in the fund that does not take on more risk than the amount of their initial investment in the fund. The Limited Partners have limited liability in the partnership structure while General Partners, who have management control over the fund, are liable for the debt obligations. Limited Partnerships are valued using the NAV practical expedient provided by the fund manager which reflects the Plan's share of the fair value of the net assets. Limited Partnerships are not classified within 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 type 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.

As described in Note 1, the Plan held no assets at December 31, 2016. There have been no changes in the methodologies used at December 31, 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, 2015:

	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient *	Total
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 468,296	\$ 468,296
Mutual funds	20,787,538	—	—	—	20,787,538
Exchange traded notes	2,488,233	—	—	—	2,488,233
Collective trusts	—	—	—	29,544,576	29,544,576
Limited partnerships (a)	—	—	—	3,618,708	3,618,708
Totals	<u>\$ 23,275,771</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 33,631,580</u>	<u>\$ 56,907,351</u>

* For the Master Trust's investments at December 31, 2015 where fair value is estimated based on NAV practical expedient, the redemption notice period is trade date plus one day, the redemption frequency is daily and there are no unfunded commitments. Exceptions are the Highclere International Investors SMID Fund (a collective trust) which has a 10 day notice requirement for redemption and an anti-dilution charge estimated to be between 45 and 90 basis points and the MacKay Shields High Yield Active Core Fund (a limited partnership) which has a 30 day notice requirement for redemption.

Investments measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the investments at fair value of the Master Trust as disclosed in Note 7.

- (a) The primary objective of the MacKay Shields High Yield Active Core Fund is to seek to outperform the Merrill Lynch High Yield Master II Index by selectively investing in a diversified portfolio of fixed and floating rate notes and bonds offering relatively attractive current market yields after adjusting for pertinent risks (including security structure and creditworthiness).

Note 5. Funding Policy

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

Interest, dividends and cumulative net appreciation (depreciation) of investments of the Plan serve to reduce future contributions that would otherwise be required to provide for the defined level of benefits as outlined in the Plan document. The Company's contributions are adjusted to reflect differences between actual contributions in prior years and the amounts required under the Company's current funding policy to meet the minimum funding requirements of ERISA. The Company met the minimum funding requirements for the years ended December 31, 2016 and 2015.

Note 6. Actuarial Present Value of Accumulated Plan Benefits

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

The actuarial present value of accumulated plan benefits as of December 31, 2015 is as follows:

Vested accumulated plan benefits:

Retired participants and/or beneficiaries currently receiving benefits	\$ 18,146,084
Other participants	10,846,022
Total vested accumulated plan benefits	<u>28,992,106</u>
Nonvested accumulated plan benefits	119,628
Total actuarial present value of accumulated plan benefits	<u><u>\$ 29,111,734</u></u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended December 31, 2015, are as follows:

Actuarial present value of accumulated plan benefits - December 31, 2014	\$ 28,387,280
Increase (decrease) during the year attributable to:	
Benefits accumulated and (gains) losses	1,053,142
Benefits paid	(2,136,753)
Interest	2,187,157
Assumption changes (a)	(379,092)
Actuarial present value of accumulated plan benefits - December 31, 2015	<u><u>\$ 29,111,734</u></u>

(a) A change in the mortality projection scale from the standard MP-2014 to the standard MP-2015.

The significant actuarial assumptions used in the December 31, 2015 valuations were:

- Mortality: The mortality assumption for non-annuitants and healthy annuitants remained the RP-2014 Healthy Fully Generational Mortality Table with Blue Collar adjustment reflecting the revised improvement Scale MP-2015 and for disabled annuitants the RP-2014 Disabled Fully Generational Mortality Table reflecting the revised improvement Scale MP-2015.
- Retirement age: Retirement rates from 2.03% at age 55 to 100.00% at age 70.
- Long-term rate of return was 8.0% per annum.

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

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

Note 7. Interest in Master Trust - Unaudited

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

	2016	2015
Investments at estimated fair value:		
Cash and cash equivalents	\$ 51,864	\$ 468,296
Mutual funds	21,898,993	20,787,538
Exchange traded notes	2,714,983	2,488,233
Collective trusts	31,719,247	29,544,576
Limited partnerships	3,969,557	3,618,708
Investments in the Master Trust	<u>\$ 60,354,644</u>	<u>\$ 56,907,351</u>
Plan's interest in investments of the Master Trust	<u>\$ —</u>	<u>\$ 28,998,522</u>
Plan's interest in investments of the Master Trust as a percentage of the total	<u>—%</u>	<u>50.96%</u>

The net investment income (loss) of the Master Trust for the years ended December 31, 2016 and 2015, are summarized below:

	2016	2015
Investment income (loss) in the Master Trust:		
Net appreciation (depreciation) in fair value of investments	\$ 3,871,896	\$ (2,530,846)
Interest and dividends	862,259	772,713
Fees & expenses	(244,613)	(245,266)
Net investment income (loss) in the Master Trust	<u>\$ 4,489,542</u>	<u>\$ (2,003,399)</u>
Plan's interest in the Master Trust investment income (loss)	<u>\$ 2,288,078</u>	<u>\$ (1,023,986)</u>

Note 8. Exempt Party-In-Interest Transactions

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

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

Note 9. Federal Income Tax Status

The IRS has determined and informed the Company by a letter dated February 10, 2012, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. As required, a subsequent request for an IRS determination letter was filed on January 29, 2016, within the required period for the Cycle E filing. The IRS has determined and informed the Company by a letter dated April 20, 2017, that the Plan

and related trust are designed in accordance with the applicable sections of the IRC. 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 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 10. Subsequent Events

The Plan Administrator has evaluated subsequent events for recognition and disclosure through September 25, 2017, which is the date the financial statements were available to be issued. No significant events were noted.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2016

Attained Age	Number of Participants									
	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25										
25-29		3								
30-34		3	1	1						
35-39		3	2		2					
40-44		3	3	1	8					
45-49		2	4		12	2	4			
50-54		8	6	1	11	7	4	2		
55-59		6	16	6	23	13	3	6	6	
60-64	1	2	16	2	15	11	6	2	5	6
65-69			8	1	8	4	1	2	1	1
70+			2		3		1			

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Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

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

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month lookback (as of September 2015), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor.
1st Segment Rate	4.43%
2nd Segment Rate	5.91%
3rd Segment Rate	6.65%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month lookback (as of September 2015), without regard to interest rate stabilization.
1st Segment Rate	1.34%
2nd Segment Rate	4.03%
3rd Segment Rate	5.06%
Optional Payment Form Election Percentage	70% life annuity.
	Current Actives
	10% joint and 50% survivor annuity.
	10% joint and 75% survivor annuity.
	10% joint and 100% survivor annuity.
	Current Terminated Vested
	15% joint and 50% survivor annuity.
	15% joint and 75% survivor annuity.
Retirement Age	
Active Participants	See Table 1.
Terminated Vested Participants	Age 60 (or current age if later).
Mortality Rates	
Healthy	2016 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e).
Disabled	Revenue Ruling 96-7 mortality table for disability after December 31, 1994.
Withdrawal Rates	See Table 2.
Disability Rates	See Table 3.
Decrement Timing	Middle of year decrements (except that retirement is assumed to occur at the beginning of the year for ages where the assumed retirement rate is 100%).

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Surviving Spouse Benefit	It is assumed that 85% of participants have an opposite-gender spouse at death.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$210,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets	
2014 Plan Year	8.00%, limited to 6.99%.
2015 Plan Year	8.00%, limited to 6.81%.
2016 Plan Year	6.50%.
Trust Expenses Included in Target Normal Cost	The prior year's non-investment, non-PBGC expenses, increased with 2.5% inflation, plus the current year's actual PBGC premiums, with the result rounded to the nearest \$1,000.
Actuarial Method	Standard unit credit cost method.
Valuation Date	January 1, 2016.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Table 1

Retirement Rates

Age	Rate
55	2.03%
56	2.05%
57	2.07%
58	2.14%
59	2.19%
60	2.30%
61	2.37%
62	2.59%
63	2.83%
64	3.07%
65	50.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70+	100.00%

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Table 2—Page 1 of 2

Withdrawal Rates

Age	Years of Service			
	0	1	2	3+
15	24.8611%	16.8024%	13.9984%	11.6600%
16	24.8611%	16.8024%	13.9984%	11.6600%
17	24.8611%	16.8024%	13.9984%	11.6600%
18	24.8611%	16.8024%	13.9984%	11.6600%
19	24.8611%	16.8024%	13.9984%	11.6600%
20	23.6664%	15.8969%	13.1924%	11.0100%
21	22.5452%	15.0472%	12.4360%	10.4000%
22	21.4975%	14.2532%	11.7292%	9.8300%
23	20.5050%	13.5010%	11.0596%	9.2900%
24	19.6044%	12.8184%	10.4520%	8.8000%
25	18.7957%	12.2055%	9.9064%	8.3600%
26	17.9502%	11.5647%	9.3360%	7.9000%
27	17.1599%	10.9657%	8.8028%	7.4700%
28	16.4063%	10.3946%	8.2944%	7.0600%
29	15.6895%	9.8513%	7.8108%	6.6700%
30	15.0094%	9.3359%	7.3520%	6.3000%
31	14.3477%	8.8344%	6.9056%	5.9400%
32	13.7412%	8.3747%	6.4964%	5.6100%
33	13.1714%	7.9429%	6.1120%	5.3000%
34	12.6751%	7.5668%	5.7772%	5.0300%
35	12.1973%	7.2046%	5.4548%	4.7700%
36	11.7378%	6.8564%	5.1448%	4.5200%
37	11.3334%	6.5499%	4.8720%	4.3000%
38	10.9658%	6.2713%	4.6240%	4.1000%
39	10.6350%	6.0206%	4.4008%	3.9200%
40	10.3409%	5.7977%	4.2024%	3.7600%
41	10.0836%	5.6027%	4.0288%	3.6200%
42	9.7895%	5.3798%	3.8304%	3.4600%
43	9.4954%	5.1569%	3.6320%	3.3000%
44	9.2197%	4.9480%	3.4460%	3.1500%

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Table 2—Page 2 of 2

Withdrawal Rates

Age	Years of Service			
	0	1	2	3+
45	8.9440%	4.7390%	3.2600%	3.0000%
46	2.8500%	2.8500%	2.8500%	2.8500%
47	2.7200%	2.7200%	2.7200%	2.7200%
48	2.5900%	2.5900%	2.5900%	2.5900%
49	2.4700%	2.4700%	2.4700%	2.4700%
50	2.3500%	2.3500%	2.3500%	2.3500%
51	2.2500%	2.2500%	2.2500%	2.2500%
52	2.1800%	2.1800%	2.1800%	2.1800%
53	2.1200%	2.1200%	2.1200%	2.1200%
54	2.0700%	2.0700%	2.0700%	2.0700%
55	2.0300%	2.0300%	2.0300%	2.0300%
56	2.0500%	2.0500%	2.0500%	2.0500%
57	2.0700%	2.0700%	2.0700%	2.0700%
58	2.1400%	2.1400%	2.1400%	2.1400%
59	2.1900%	2.1900%	2.1900%	2.1900%
60	2.3000%	2.3000%	2.3000%	2.3000%
61	2.3700%	2.3700%	2.3700%	2.3700%
62	2.5900%	2.5900%	2.5900%	2.5900%
63	2.8300%	2.8300%	2.8300%	2.8300%
64	3.0700%	3.0700%	3.0700%	3.0700%
65+	0.0000%	0.0000%	0.0000%	0.0000%

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Table 3
Disability Rates

Age	Rate	Age	Rate
15	0.03%	45	0.08%
16	0.03%	46	0.11%
17	0.03%	47	0.13%
18	0.03%	48	0.15%
19	0.03%	49	0.18%
20	0.03%	50	0.21%
21	0.03%	51	0.25%
22	0.03%	52	0.29%
23	0.03%	53	0.34%
24	0.03%	54	0.39%
25	0.03%	55	0.45%
26	0.03%	56	0.52%
27	0.03%	57	0.61%
28	0.03%	58	0.71%
29	0.03%	59	0.84%
30	0.03%	60	1.01%
31	0.03%	61	1.21%
32	0.03%	62	1.44%
33	0.03%	63	1.70%
34	0.03%	64	2.00%
35	0.03%	65+	0.00%
36	0.03%		
37	0.03%		
38	0.03%		
39	0.03%		
40	0.04%		
41	0.04%		
42	0.04%		
43	0.05%		
44	0.06%		

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

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

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

OMB No. 1210-0110

2016**This Form is Open to Public
Inspection**For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/30/2016▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.**A** Name of plan
XYLEM BELL & GOSSETT PENSION PLAN FOR HOURLY EMPLOYEES**B** Three-digit
plan number (PN) ▶ 028**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

XYLEM INC.

D Employer Identification Number (EIN)

45-2080495

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 01 Day 01 Year 2016**2** Assets:

	2a	2b
a Market value.....	29,609,591	
b Actuarial value		31,940,110

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	411	20,461,426	20,461,426
b For terminated vested participants	84	1,593,116	1,593,116
c For active participants	270	11,689,634	11,904,942
d Total	765	33,744,176	33,959,484

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

	4a	4b
a Funding target disregarding prescribed at-risk assumptions		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		

5 Effective interest rate..... **5** 6.03%**6** Target normal cost **6** 1,046,855**Statement by Enrolled Actuary**

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

**SIGN
HERE**

Matthew L. Bond

Signature of actuary

Matthew L. Bond

Type or print name of actuary

Aon Consulting, Inc.

Firm name

Merritt 7 Corporate Park
Building 201
Norwalk

CT 06851

Address of the firm

09/15/2017

Date

1707596

Most recent enrollment number

203-523-8470

Telephone number (including area code)

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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>-3.50%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		320
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.23%</u>		20
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		340
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	94.05%
15 Adjusted funding target attainment percentage	15	94.05%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	96.98%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2016	447,000	0			
07/15/2016	447,000	0			
10/14/2016	186,000	0			
01/13/2017	361,000	0			
08/18/2017	238,000	0			
09/08/2017	6,000,000	0			
Totals ▶	18(b)	7,679,000	18(c)		0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	7,043,537

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.43 %	2nd segment: 5.91 %	3rd segment: 6.65 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 66
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	1,046,855	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	2,019,374	556,152	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....	34	1,603,007	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)	36	1,603,007	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	7,043,537	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	5,440,530	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

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

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 15—Reconciliation of Differences Between Valuation Results and
Amounts Used to Calculate AFTAP

The 2016 AFTAP for the Plan was originally issued September 29, 2016 using unaudited market value of assets. The 2016 AFTAP was recertified on December 15, 2016 reflects audited market value of assets. The final valuation matches the recertified 2016 AFTAP. The inputs used in each certification are outlined below:

	Original 9/29/2016 Certification	Revised 12/15/2016 Certification
Funding Target	\$ 33,959,484	\$ 33,959,484
Value of Plan Assets	31,956,268	31,940,110
Funding Standard Carryover Balance	0	0
Prefunding Balance	0	0
Annuities Purchased for NHCE's	0	0
Security Posted	0	0
Certified AFTAP	94.10%	94.05%

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 19—Discounted Employer Contributions

Year applied for contributions: 2016

Date	Amount	Days to Discount to 1/1/2016 at 6.03%	Interest Adjusted Contribution
April 15, 2016	\$ 447,000	105	\$ 439,554
July 15, 2016	447,000	196	433,201
October 14, 2016	186,000	287	177,653
January 13, 2017	361,000	378	339,817
August 18, 2017	238,000	595	216,390
September 8, 2017	6,000,000	616	5,436,922
Total Contribution	\$ 7,679,000		\$ 7,043,537

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

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

The average retirement age shown in line 22 has been calculated by the valuation system assuming the following retirement probabilities, given that other decrement rates may also be applied simultaneously along with retirement.

(a) Age	(b) Retirement Probability	(c) Expected Retirements	(d) Product (a) × (c)
55	1.93%	1.58	86.73
56	2.00%	1.85	103.85
57	2.06%	1.96	111.78
58	2.11%	2.37	137.60
59	2.15%	2.87	169.57
60	2.24%	3.24	194.15
61	2.30%	3.68	224.57
62	2.54%	4.24	263.04
63	2.77%	4.65	293.02
64	3.03%	5.18	331.25
65	49.88%	84.49	5491.90
66	29.92%	27.91	1842.03
67	29.91%	20.62	1381.86
68	29.91%	15.85	1077.76
69	29.91%	11.63	802.19
70	100.00%	32.04	2243.04
71	100.00%	2.00	142.00
72	100.00%	1.00	72.00
73	100.00%	1.00	73.00
74	100.00%	0.00	0.00
75	100.00%	0.00	0.00
76	100.00%	0.00	0.00
77	100.00%	0.00	0.00
78	100.00%	1.00	78.00
Total		229.17	15119.35
Weighted Average			65.97

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, Part V—Summary of Plan Provisions

Effective Date January 1, 1965. Amended and restated effective January 1, 2016.

Eligibility for Participation Participants as of December 31, 2010 continue participation.

Other hourly union employees hired by August 14, 2015 become participants as of the first day of the month following attainment of age 21 and completion of one year of service (or completion of three years of service, regardless of age). Service includes time with Xylem Bell & Gossett Hydronics, formerly ITT Bell & Gossett Hydronics.

Employees first hired after August 14, 2015 are not eligible to participate.

Normal Retirement
Eligibility

Age 65.

Benefit

Years of credited services, times a benefit unit based on termination date, as shown in the table below.

Termination Date	Benefit Unit
Prior to 1/1/2011	\$30.00
1/1/2011–12/31/2011	\$32.00
1/1/2012–12/31/2012	\$32.50
1/1/2013–12/31/2013	\$33.00
1/1/2014–12/31/2014	\$33.50
1/1/2015–12/31/2017	\$34.00
On or after 1/1/2018	\$35.00

Credited service is limited as follows:

Termination Date	Max Service
Prior to 1/1/2001	35
1/1/2001–12/31/2005	40
1/1/2006–12/31/2006	41
1/1/2007–12/31/2007	42
1/1/2008–12/31/2008	43
1/1/2009–12/31/2009	44
On or after 1/1/2010	45

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Early Retirement
Eligibility

Age 55 and five years of continuous service.

Benefit

A monthly benefit equal to the normal retirement benefit, reduced by 5/9 of 1% for each of the first 60 months, and 5/18 of 1% for each of the next 60 months, that the early retirement precedes age 65.

Vested Termination
Eligibility

Five years of continuous service.

Benefit

The accrued benefit at the date of termination. Reduced payments may begin any time after age 55, based on the same reductions as for early retirement from active status.

Disability
Eligibility

Total and permanent disability of an active participant after attainment of age 50 and fifteen years of continuous service.

Benefit

The accrued benefit determined as of the date of disability, payable immediately through the participant's normal retirement date.

Surviving Spouse
Eligibility

Five years of continuous service.

Benefit

For deaths occurring while actively employed:
A monthly benefit payable to the surviving spouse beginning at the employee's earliest retirement age equal to 50% of the amount payable if the participant had retired on that date with a 50% joint and survivor benefit.

Active participants are not charged for this coverage.

For pre-commencement deaths occurring after termination:
Eligible terminated vested participants are offered the same benefit as while actively employed. Prior to eligibility for early retirement or normal retirement, terminated vested participants are charged for this coverage if they have an eligible beneficiary and do not waive the coverage.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Charges for terminated vested participants:

Age	Reduction (per year of coverage)
Less than 40	0.1%
40–49	0.2%
50–54	0.3%
55–59	0.5%
60–64	1.0%
65 or more	Not applicable

Normal Form of Annuity
Without Spouse

Single life annuity.

With Spouse

50% Joint and survivor annuity reduced to be equivalent to the retirement benefit payable for employee's lifetime. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continues to surviving spouse.

Optional Forms of Annuity

Single life annuity.
100% joint and survivor annuity.
75% joint and survivor annuity.
50% joint and survivor annuity.
Social security levelling option, decreasing at the Social Security Normal Retirement Age.

Delayed Commencement

If benefit commencement is delayed beyond the later of normal retirement (age 65) or date of termination, participants choose between retroactive payments back to the later of those dates with interest or an actuarial increase applied to the prospective monthly benefit.

Actuarial Equivalence

Factors as per Appendix A of the plan document.

Definitions

Company

Effective October 31, 2011, Xylem, Inc.

Continuous Service

The period measured from the date employment commences to the date employment terminates. A full year of service is granted for years in which the employee works at least 1,000 hours.

Credited Service

One year of service is earned for each calendar year during which an employee has worked at least 1,680 hours. Partial years are granted for less than 1,680 hours worked.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Participating Unit

Effective October 31, 2011, Xylem Bell & Gossett Hydronics, a unit of Xylem Fluid Handling Division—Xylem Fluid Technology Corporation, a division of Xylem Inc., at Morton Grove, Illinois.

Plan Changes Since the Prior Year

The funding valuation reflects the following plan changes since the January 1, 2015 valuation, adopted and effective in 2015:

- No new participants are added to the Plan after August 14, 2015.
- For terminations after 2017, the benefit increased from \$34.00 to \$35.00 per month per year of credited service up to the maximum of 45 years.

The Xylem Bell & Gossett Pension Plan for Hourly Employees merged into the Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid Employees (45-2080495/053), effective December 30, 2016.

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

The Xylem Bell & Gossett Pension Plan for Hourly Employees merged into the Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid Employees, effective December 30, 2016. The amounts shown on lines 6 and 32 reflect a full plan year, as the impact of the short plan year is immaterial.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 32—Schedule of Amortization Bases

Type of Base	Present Value of Installment	Date Established	Years Remaining	Amortization Installment
Shortfall	\$ 257,834	January 1, 2010	1	\$ 257,834
Shortfall	\$ 473,728	January 1, 2011	2	\$ 241,997
Shortfall	\$ (1,505,504)	January 1, 2012	3	\$ (523,738)
Shortfall	\$ 1,314,148	January 1, 2013	4	\$ 350,197
Shortfall	\$ (167,329)	January 1, 2014	5	\$ (36,428)
Shortfall	\$ (262,447)	January 1, 2015	6	\$ (49,112)
Shortfall	\$ 1,908,944	January 1, 2016	7	\$ 315,402

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 25—Change in Method

As a result of a change in firms providing actuarial services, the Enrolled Actuary has changed from Suzanne Hughes of Bulk Consultants to Matthew L. Bond of Aon. This change has automatic approval under Announcement 2010-3.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 24—Change in Actuarial Assumptions

The funding valuation reflects the following assumption change:

- A change in the unlimited expected rate of return on plan assets from 8.00% to 6.50% to better reflect the anticipated plan experience.

This assumption change did not reduce the funding shortfall, so approval of the Commissioner is not required.

Schedule SB Attachment (Form 5500)—2016 Plan Year
Xylem Bell & Gossett Pension Plan for Hourly Employees
EIN: 45-2080495 PN: 028

Schedule SB, line 23—Information on Use of Multiple Mortality Tables

The Revenue Ruling 96-7 Mortality Table for Disability after December 31, 1994 is used for disabled participants. As of January 1, 2016, 17 participants were reported as disabled. This table is being used for those disabled as of January 1, 2016 and those assumed to become disabled in the future.