

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</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 PENSION PLAN FOR U.S. HOURLY EMPLOYEES</u>	1b Three-digit plan number (PN) ▶	<u>053</u>	
	1c Effective date of plan	<u>01/01/1951</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) <u>XYLEM INC.</u> <u>1 INTERNATIONAL DRIVE</u> <u>RYE BROOK, NY 10573</u>	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>	

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2018	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

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

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☐ Same as Plan Sponsor ADMINISTRATION COMMITTEE FOR XYLEM WATER SOLUTIONS ZELIENOPLE RET PLAN 1 INTERNATIONAL DRIVE RYE BROOK, NY 10573		3b Administrator's EIN 47-4627191 3c Administrator's telephone number 914-323-5700
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 1661
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) 644
a(2) Total number of active participants at the end of the plan year		6a(2) 768
b Retired or separated participants receiving benefits		6b 805
c Other retired or separated participants entitled to future benefits		6c 302
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 1875
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 131
f Total. Add lines 6d and 6e		6f 2006
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 who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 5
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> 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 2017 Form M-1 annual report. If the plan was not required to file the 2017 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 _____

<div>SCHEDULE A (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance 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>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	053
C Plan sponsor's name as shown on line 2a of Form 5500 XYLEM INC.	D Employer Identification Number (EIN) 45-2080495	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	611083	2024	01/01/2017	12/31/2017

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.
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(a) Total amount of commissions paid 7257	(b) Total amount of fees paid 305
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3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid LOCKTON FINANCIAL ADVISORS LLC 444 W 47TH ST STE 900 KANSAS CITY, MO 64112-1906
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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
7257	305	PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	5009856

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	0
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	0
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	0
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **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 PENSION PLAN FOR U.S. HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>053</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
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Part I Basic Information

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2017</u>			
2 Assets:			
a Market value	2a	<u>76775554</u>	
b Actuarial value	2b	<u>78509357</u>	
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	<u>894</u>	<u>44260325</u>	<u>44260325</u>
b For terminated vested participants	<u>318</u>	<u>6291229</u>	<u>6291229</u>
c For active participants	<u>835</u>	<u>28551895</u>	<u>29713212</u>
d Total	<u>2047</u>	<u>79103449</u>	<u>80264766</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>5.87 %</u>	
6 Target normal cost	6	<u>2883910</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		
Signature of actuary	<u>09/10/2018</u>	Date
<u>MATTHEW L. BOND</u>	<u>17-07596</u>	Most recent enrollment number
Type or print name of actuary	<u>203-523-8470</u>	Telephone number (including area code)
<u>AON CONSULTING, INC.</u>		
Firm name		
<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 ☐

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	63241
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	63241
10 Interest on line 9 using prior year's actual return of <u>7.99</u> %	0	5309
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		5579264
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>6.10</u> %		336736
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		5916000
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	68550

Part III Funding Percentages

14 Funding target attainment percentage	14	97.72%
15 Adjusted funding target attainment percentage	15	97.72%
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	98.07%
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
04/14/2017	995598	0			
07/14/2017	995598	0			
10/13/2017	330000	0			
01/12/2018	801000	0			
09/07/2018	19900000	0			
Totals ▶			18(b)	23022196	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	21095724

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:

4.16 %

2nd segment:

5.72 %

3rd segment:

6.48 %

☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age.....**22**

65

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**

2883910

b Excess assets, if applicable, but not greater than line 31a**31b**

0

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment.....

1823959

673119

b Waiver amortization installment

0

0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount**33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)..... **34** 3557029

Carryover balance

Prefunding balance

Total balance

35 Balances elected for use to offset funding requirement.....

0

68550

68550

36 Additional cash requirement (line 34 minus line 35)..... **36** 3488479**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 21095724**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36)**38a**

17607245

b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances**38b**

68550

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** 0**43** Excess installment acceleration amount to be carried over to future plan years **43** 0

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
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017	
A Name of plan XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶ 053
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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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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

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

AON CONSULTING

22-2232264

(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?
11 50	NONE	110007	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

CROWE LLP

35-0921680

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	90819	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

HIGHCLERE INTERNATIONAL INVESTORS

20-4668348

(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?
20 28 51	NONE	49279	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)

CAPTRUST ADVISORS

26-0058143

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	NONE	16250	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PRINCIPAL

42-0127290

(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?
13 50 64	NONE	13129	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

CONNER & WINTERS LLP

73-1388566

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29 50	NONE	7596	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)

FURBUSH-ROBERTS PRINTING

01-0203016

(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?
49 50	NONE	5761	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:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2017</div> This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES</u>	B Three-digit plan number (PN)	<u>053</u>
C Plan or DFE 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	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)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>INVESTMENT MASTER TRST OF XYLEM INC</u>				
b Name of sponsor of entity listed in (a): <u>XYLEM INC.</u>				
c EIN-PN <u>37-6491099-302</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN CORE PLUS BD SEP ACCT 6-6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-005</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1627751</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP S&P 500 INDEX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>571401</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LARGE CAP GROWTH II SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-067</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN HIGH YIELD I SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-101</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>536237</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INFLATION PROTECT SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COPMANY</u>				
c EIN-PN <u>42-0127290-099</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1084851</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL DIV REAL ASSET SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-123</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>474795</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: COLLECTIVE SHORT TERM INVESTMENT

b Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENT

c EIN-PN 45-6138589-084	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 16045313
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a Name of MTIA, CCT, PSA, or 103-12 IE: NT COLLECTIVE ACWI EXUS INVEST MKT

b Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

c EIN-PN 45-6138589-223	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 6744598
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a Name of MTIA, CCT, PSA, or 103-12 IE: NT COLLECTIVE S&P 500 INDEX NL

b Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

c EIN-PN 45-6138589-095	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19157072
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL BLUE CHIP SEPARATE ACCOUN

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-133	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 714820
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a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

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

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

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

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

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

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

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

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

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

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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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
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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>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor 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.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>053</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			
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)	1790228	1324000
(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)	0	16076484
(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)	4941638	41946983
(10) Value of interest in pooled separate accounts.....	1c(10)	0	5009856
(11) Value of interest in master trust investment accounts	1c(11)	60354702	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)	3959362	20765816
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	71045930 85123139
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	129798 62953
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	129798 62953
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	70916132 85060186

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.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	9645196
	(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)	9645196
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	185912
	(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)	185912
(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)	970
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	970
(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)		352
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		315214
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		9032631
(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)		687692
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		19867967

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	4635414	
(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)		4635414
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)	248855	
(2) Contract administrator fees	2i(2)	17224	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	822420	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		1088499
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		5723913

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		14144054
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4159747. (See instructions.)

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 2017 This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>053</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
---------------	----------------------

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> <u>42-0127290</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) 2017
v. 170203

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): _____		

- 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: 55.0% Investment-Grade Debt: 1.0% High-Yield Debt: 6.0% Real Estate: 1.0% Other: 37.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☒ Modified duration ☐ Other (specify):

Xylem Pension Plan for U.S. Hourly Employees (formerly Retirement Plan of Xylem Water Solutions Zelenople for Hourly Paid Employees)

Financial Statements as of December 31, 2017 and 2016,
and for the Years Ended December 31, 2017 and 2016,
and Supplemental Schedule as of December 31, 2017

XYLEM PENSION PLAN FOR U.S. 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.



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Benefits Administration Committee
Xylem Pension Plan for U.S. Hourly Employees
Rye Brook, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Xylem Pension Plan for U.S. Hourly Employees, which comprise the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended and the statement of accumulated plan benefits as of December 31, 2016 and the related statement of changes in accumulated plan benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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 the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended and the statement of accumulated plan benefits as of December 31, 2016 and the related statement of changes in accumulated plan benefits for the year then ended based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by The Northern Trust Company and Delaware Guarantee Charter and Trust Company d/b/a Principal Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certification from the trustees that the information provided to the plan administrator by the trustees is complete and accurate.

Sponsor EIN # 45-2080495
Plan # 053

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 the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended and the statement of accumulated plan benefits as of December 31, 2016 and the related statement of changes in accumulated plan benefits for the year then ended.

Compilation Report on the 2016 Statement of Net Assets Available for Benefits and Statement of Changes in Net Assets Available for Benefits

Management is responsible for the accompanying financial statements of the Xylem Pension Plan for U.S. Hourly Employees, which comprises the statement of net assets available for benefits as of December 31, 2016 and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of net assets available for benefits as of December 31, 2016 and the related statement of changes in net assets available for benefits for the year then ended nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the statement of net assets available for benefits as of December 31, 2016 and the related statement of changes in net assets available for benefits for the year then ended.

Other Matter

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2017 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

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

The form and content of the information included in the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended and the statement of accumulated plan benefits as of December 31, 2016 and the related statement of changes in accumulated plan benefits for the year then ended and supplemental schedule, other than that derived from the information certified by the trustees 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 LLP

New York, New York
September 25, 2018

Sponsor EIN # 45-2080495
Plan # 053

XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,	2017	Unaudited 2016
ASSETS		
Investments - at fair value:		
Plan's interest in the Investment Master Trust of Xylem Inc.	\$ —	\$ 60,354,702
Cash and Cash Equivalents	16,076,484	—
Collective Trusts	30,911,526	4,941,638
Mutual Funds	36,811,129	3,959,362
Total investments at fair value	83,799,139	69,255,702
Employer contribution receivable	1,324,000	1,790,228
Total assets	85,123,139	71,045,930
LIABILITIES		
Accrued administrative expenses	62,953	129,798
Total liabilities	62,953	129,798
NET ASSETS AVAILABLE FOR BENEFITS	\$ 85,060,186	\$ 70,916,132

See accompanying notes to financial statements and independent auditor's report.

XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31,	2017	Unaudited 2016
ADDITIONS		
Net appreciation in fair value of investments	\$ 1,003,258	\$ —
Plan's interest in the investment income (loss) of the Investment Master Trust of Xylem Inc.	9,032,631	191,257
Dividends	970	—
Interest	185,912	—
Employer Contributions	9,645,196	62,000
Total additions	<u>19,867,967</u>	<u>253,257</u>
DEDUCTIONS		
Benefits paid directly to participants	4,635,414	186,692
Administrative expenses	1,088,499	47,364
Total deductions	<u>5,723,913</u>	<u>234,056</u>
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS BEFORE TRANSFER	14,144,054	19,201
TRANSFER INTO PLAN		
Transfer in due to merged plans	—	68,366,617
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS	14,144,054	68,385,818
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year (unaudited)	70,916,132	2,530,314
End of year (unaudited)		<u>\$ 70,916,132</u>
End of year	<u>\$ 85,060,186</u>	

See accompanying notes to financial statements and independent auditor's report.

XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES
STATEMENT OF ACCUMULATED PLAN BENEFITS

December 31,	2016
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	
Vested benefits	
Retired participants and beneficiaries receiving payments	\$ 38,148,603
Other participants	27,216,771
	65,365,374
Nonvested benefits	1,039,729
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	\$ 66,405,103

See accompanying notes to financial statements and independent auditor's report.

XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

Year Ended December 31,	2016
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT BEGINNING OF YEAR (unaudited)	\$ 2,317,899
Decrease during the year attributable to:	
Benefits paid	(186,692)
Assumption changes	(24,402)
Increase during the year attributable to:	
Benefits accumulated and (gains) losses	9,193
Interest	178,108
Transfer in from plan merger	64,110,997
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR	<u>\$ 66,405,103</u>

See accompanying notes to financial statements and independent auditor's report.

XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Plan

The following description of the Xylem Pension Plan for U.S. Hourly Employees (formerly Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid 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 the following groups:

- Bell & Gossett - Eligible hourly employees of Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America located at the Morton Grove, Illinois location of Fluid Handling, LLC, a subsidiary of Xylem Inc. (the "Company" or "Plan Sponsor").
- Standard - Eligible hourly employees of United Steelworkers, AFL-CIO-CLC and its Local Union 897 at the Cheektowaga, NY location of Fluid Handling, LLC, a subsidiary of the Company.
- Lubbock - Eligible hourly employees formerly represented by The Production and Maintenance Shop Employees Union at the Lubbock, TX location of Xylem Water Systems U.S.A., LLC, a subsidiary of the Company.
- Auburn - Eligible hourly employees of United Steelworkers of America, AFL-CIO, Local 9832 at the Auburn, NY location of Xylem Water Systems U.S.A., LLC a subsidiary of the Company.
- Zelienople - regular hourly employees of Xylem Water Solutions Zelienople, LLC., a subsidiary of the Company, represented by the International Brotherhood of Painters and Allied Trades, Glaziers Local Union 751, AFL-CIO.
- Uniontown - Eligible employees of the Uniontown, PA plant location of Sensus USA, Inc., a subsidiary of the Company.
- Smith-Blair - Eligible employees of the Texarkana, AR plant location of Sensus USA, Inc., a subsidiary of the Company.

The Plan was established January 1, 1951 by the Leopold Company, Inc. as the Retirement Plan of Leopold Company, Inc. for Hourly-Rated Employees. Effective October 31, 2011, as part of the spin-off from ITT Corporation, sponsorship of the Plan was transferred to the Company and was renamed the Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid Employees. Effective December 30, 2016, the Plan was renamed the Xylem Pension Plan for U.S. Hourly Employees.

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.

During the year ended December 31, 2017, the Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company ("Principal") and Northern Trust Company both served as a trustee ("Trustee" or "Trustees") of the Plan. In November 2017, the Plan entered into a new trust agreement with Principal to be the sole Trustee, effective January 1, 2018. The Northern Trust Company served as a Trustee of the Plan for the years ended December 31, 2017 and 2016. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan's assets included 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 period ended December 31, 2016. The Master Trust included 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"). The Master Trust was dissolved on December 31, 2017.

Use of the Master Trust permitted the commingling of Plan assets with the assets of other Participating Plans for investment and administrative purposes. Although Plan assets were commingled in the Master Trust, the Trustee maintained 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 loss of the investment account was 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.

The Plan was amended effective July 29, 2017 for Auburn participants to reflect an increase in the benefit formula for credited service earned after 2004, for terminations occurring after 2017.

The Plan was amended effective December 30, 2016 to merge the Company's other U.S. hourly pension plans into the Plan and change its name to the Xylem Pension Plan for U.S. Hourly Employees. The merger was completed on December 30, 2016 and the assets transferred into the Plan (unaudited) were \$68,366,617 and included a contribution receivable of \$1,728,228 as outlined below:

Plan	unaudited	
	Assets Transferred	Contribution Receivable
Xylem Bell & Gossett Pension Plan for Hourly Employees	\$ 30,897,844	\$ 599,000
Xylem Standard Hourly Bargaining Unit Pension Plan	18,411,524	447,000
Xylem Pension Plan for Bargaining Unit Employees - Auburn	3,624,560	379,000
Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX	6,415,541	168,000
Sensus USA Inc. Union Retirement Plan	9,017,148	135,228
Total result from merger	<u>\$ 68,366,617</u>	<u>1,728,228</u>
Plan receivable		62,000
Total receivable at December 31, 2016		<u>\$ 1,790,228</u>

The accumulated plan benefits transferred into the Plan as a result of the merger on December 31, 2016 were \$64,110,997 as outlined below:

Plan	Accumulated Plan Benefits Transferred
Xylem Bell & Gossett Pension Plan for Hourly Employees	\$ 28,998,513
Xylem Standard Hourly Bargaining Unit Pension Plan	17,494,620
Xylem Pension Plan for Bargaining Unit Employees - Auburn	2,610,998
Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX	5,677,143
Sensus USA Inc. Union Retirement Plan	9,329,723
Total result from merger	<u>\$ 64,110,997</u>

The following is a breakdown of the terms for each group, as each group stands alone in the Plan with regard to benefits to participants. References to participants in each group refer to that group only:

Bell & Gossett

All hourly employees of Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America located at the Morton Grove, Illinois facility 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.

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.

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.

Standard

All Fluid Handling, LLC hourly employees represented by United Steelworkers, AFL-CIO-CLC and its Local Union 897 at the Cheektowaga, New York facility participate in the Plan from their date of hire.

Participants are eligible for monthly benefit payments upon reaching age 65. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested. Effective October 17, 2016 the Plan is closed to new participants.

Effective January 1, 2014, for those participants that were hired on or before October 17, 1993, all benefits earned with respect to service to December 31, 2013 are frozen. Beginning January 1, 2014, participants will accrue a pension benefit at a benefit rate per month multiplied by their years of credited service after December 31, 2013. Prior to January 1, 2014, their benefit was computed as the greater of 1) an amount equal to 1% of average monthly earnings multiplied by the number of years of credited service, or 2) a benefit rate per month multiplied by their years of credited service.

For those participants hired after October 17, 1993, their benefit continues to be computed at a benefit rate per month multiplied by their years of credited service.

Participants are eligible to receive early retirement benefits between the ages of 55 and 65, upon completion of ten 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.

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 completed 10 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, but not less than \$275 per month. The benefit must be reduced prior to normal retirement by any Company-provided public disability benefit awarded to the participant.

Lubbock

All hourly employees of the employer formerly represented by The Production and Maintenance Shop Employees union at the Lubbock, Texas location are eligible to participate as of the date such employee completes one hour of service as an employee. Prior to the amendment of the Plan in 2011, non-union employees were eligible to participate in the Plan if they were not participating in any other plan sponsored by the Company or an affiliated company, as defined by the Plan. Effective January 1, 2008, the Plan was frozen to new participants and no participants have been eligible to earn credited service for employment after that date.

Participants are eligible for monthly benefit payments upon reaching age 62. The normal monthly benefit payments are determined by multiplying the benefit rate, which depends upon the period of credited service, by the total number of years of credited service. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested.

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

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 completed five 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.

Auburn

All hourly employees of the employer represented by United Steelworkers of America, AFL-CIO, Local 9832 at the Auburn, New York location are eligible to participate in the Plan if they were on the employer payroll at January 1, 2012, or after completing one hour of service prior to August 4, 2014. Effective August 4, 2014 the Plan is closed to new participants. In addition, an employee who was not on the payroll of a Participating Unit on January 1, 2012 due to a work-related injury and received payment under a plan that is maintained solely for the purpose of complying with applicable workers' compensation laws for the payroll period that includes January 1, 2012 shall become a Participant on January 1, 2012, as outlined in the Plan document.

Participants are eligible for monthly benefit payments upon reaching age 62. The normal monthly benefit payments are determined by multiplying the benefit rate, which depends upon the period of credited service, as defined by the Plan, by the total number of years of credited service. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested. A participant's pension benefit in the Plan is reduced by the normal or postponed pension benefit under the ITT Pension Plan for Bargaining Unit Employees Seneca Falls, New York ("Former Pension Plan"). The Plan Sponsor established the Plan to continue the pension plan benefits of the Former Pension Plan.

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

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

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

Zelienople

Employees represented for collective bargaining by International Brotherhood of Painters and Allied Trades, Glaziers Local Union 751, AFL-CIO are eligible to participate in the Plan. Since May 1, 2007, no employee has become eligible to become an eligible employee and join the Plan; however, that a former eligible employee who is rehired as an employee and whose prior service is restored and credited as continuous service will become a participant solely with respect to any continuous service and credited service so restored. However, no additional service will be earned for any period of re-employment on or after August 31, 2010.

A participant's right to his pension benefit shall be nonforfeitable upon the latter of his attainment of age 65 or his fifth anniversary of the date he commenced participation in the Plan. A participant who is eligible for normal retirement or postponed retirement will receive his pension benefit as of the first day of the month coincident with or next following his termination of employment. The monthly pension benefit payable to a participant eligible for early retirement shall be a deferred benefit commencing on the participant's normal retirement date, provided, however, that the participant may elect to begin receiving a reduced pension benefit as of his early retirement date or other date thereafter.

The benefit rate and formula used to determine a participant's pension benefit shall be the rate and formula in effect on the day the participant ceases to be an eligible employee, even if the participant continues in service as an employee with a participating unit, the Company or an associated company after such date.

A participant is eligible to receive a pension benefit in one of three ways - life annuity option, 75% contingent annuitant option, or 100% contingent annuitant option. See plan document for details.

The surviving spouse of a participant shall be eligible for a survivor benefit payable to, and for the lifetime of, such spouse if the participant should die while in active service with a participating unit after completing the eligibility requirements for any pension benefit, provided the participant had not elected to waive such benefit, after termination of employment with entitlement to any pension benefit, provided the participant did not elect to waive such benefit, is granted a qualified military leave and dies on or after January 1, 2007, in the performance of qualified military service, or while receiving a disability benefit.

Uniontown

All eligible employees of the Uniontown, Pennsylvania plant location of Sensus USA, Inc., a subsidiary of the Company, are entitled to monthly pension benefits equal to the participant's accrued benefit on the retirement date, reduced by 0.50% for each of the first 24 months and 0.33% for each additional month that the early retirement date precedes the month the participant attains age 62. No employees of the Uniontown, Pennsylvania plant hired on or after February 25, 2013 may join or rejoin the Plan as an active participant.

Benefits are calculated based upon a flat dollar benefit per years of service, not to exceed certain specified maximum years of service.

Employees with five or more years of service are entitled to monthly pension benefits beginning at normal retirement age (65) equal to the participant's accrued benefit on such date; however, employees are eligible for full monthly pension benefits beginning at age 62. The Plan allows for early retirement for participants who have attained the age of 55 and have completed ten years of vesting service.

If a participant who has a vested retirement pension dies before his or her pension commencement date, a death benefit will be paid to his or her surviving spouse in accordance with the Plan's provisions. If a participant becomes totally or permanently disabled before his or her retirement date, either a disability benefit will be payable to him or her, or he or she will continue to accrue benefits in accordance with the Plan's provision.

Smith-Blair

Employees of the Texarkana, Arkansas plant location of Sensus USA, Inc., a subsidiary of the Company, are entitled to monthly pension benefits equal to the participant's accrued benefit on the retirement date, reduced by 0.50% for each of the first 60 months and 0.33% for each additional month that the early retirement date precedes the normal retirement date. No employees of the Texarkana, Arkansas plant hired on and after July 11, 2011 may join or rejoin the Plan as an active participant.

Benefits are calculated based upon a flat dollar benefit per years of service, not to exceed certain specified maximum years of service.

Employees with five or more years of service are entitled to monthly pension benefits beginning at normal retirement age (65) equal to the participant's accrued benefit on such date. The Plan allows for early retirement for participants who have attained the age of 55 and have completed ten years of vesting service.

If a participant who has a vested retirement pension dies before his or her pension commencement date, a death benefit will be paid to his or her surviving spouse in accordance with the Plan's provisions. If a participant becomes totally or permanently disabled before his or her retirement date, either a disability benefit will be payable to him or her, or he or she will continue to accrue benefits in accordance with the Plan's provision.

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

Administrative and Investment Management Expenses - Administrative expenses of the Plan, including actuarial services, audit fees and regulatory fees are paid by the Plan, as provided in the Plan document and the trust agreement. Certain accounting and other administrative services are provided to the Plan 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 and investments held outside 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 investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). 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. 2017 Investments - Unaudited Information

Principal and Northern Trust, Trustees of the Plan, hold investment assets and execute transactions therein, and substantially all information pertaining to the Plan's investments included in the Statement of Net Assets Available for Benefits as of December 31, 2017 and the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2017, 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 2017 and 2016 (unaudited).

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 as well as other assets held outside 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. There have been no changes in the methodologies used at December 31, 2017 and 2016.

The following table sets forth by level within the fair value hierarchy, a summary of the Plan's investments measured at fair value at December 31, 2017:

	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	\$ —	\$ —	\$ —	\$ 16,076,484	\$ 16,076,484
Mutual funds	36,811,129	—	—	—	36,811,129
Collective trusts	—	—	—	30,911,526	30,911,526
Totals	<u>\$ 36,811,129</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46,988,010</u>	<u>\$ 83,799,139</u>

The following table (unaudited) sets forth by level within the fair value hierarchy a summary of the Master Trust investments as well as other assets held outside of the Master Trust measured at fair value at December 31, 2016:

(unaudited)					
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient *	Total
Master Trust:					
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 51,922	\$ 51,922
Mutual funds	21,898,993	—	—	—	21,898,993
Exchange traded notes	2,714,983	—	—	—	2,714,983
Collective trusts	—	—	—	31,719,247	31,719,247
Limited partnerships (a)	—	—	—	3,969,557	3,969,557
Total master trust	<u>24,613,976</u>	<u>—</u>	<u>—</u>	<u>35,740,726</u>	<u>\$ 60,354,702</u>
Other Assets:					
Mutual funds	3,959,362	—	—	—	3,959,362
Collective trusts	—	—	—	4,941,638	4,941,638
Total other assets	<u>3,959,362</u>	<u>—</u>	<u>—</u>	<u>4,941,638</u>	<u>8,901,000</u>
Total Assets	<u>\$ 28,573,338</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40,682,364</u>	<u>\$ 69,255,702</u>

* 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.

For the Master Trust's investments at December 31, 2016 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.

- (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

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offering relatively attractive current market yields after adjusting for pertinent risks (including security structure and creditworthiness. There are no unfunded commitments.

Note 5. Funding Policy

Contributions to provide benefits under the Plan are made solely by the Company. Funding requirements under Internal Revenue Service ("IRS") rules are a major consideration in making contributions to the Plan. The Company's funding policy is to make cash contributions to the Plan not less than the minimum required by applicable law and regulations. While the Company has significant discretion in making voluntary contributions, ERISA, including subsequent amendments, and applicable Internal Revenue Code ("IRC") regulations mandate minimum funding thresholds. The Company continually monitors the funded status and minimum funding requirements. An additional discretionary contribution of \$6 million was made to the Plan in the third quarter 2017 to increase the funding ratio and reduce regulatory fees.

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, 2017 and 2016 (unaudited).

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 transfer in from plan merger included in statement of changes in accumulated plan benefits is the result of the merger, effective December 30, 2016 (see Note 1 for more information). The decrease in accumulated plan benefits as a result of assumption changes is due to a change in the mortality projection scale from the standard MP-2015 to the standard MP-2016 for all the groups except for Uniontown and Smith-Blair, and a change from the Total Mortality rates from RP-2006 with Mortality Improvement RPEC_2014_v2011 to the 2006 base rates from the RP-2014 mortality study for a blue collar population projected generationally from 2006 using Scale MP-2016 for Uniontown and Smith-Blair. Also a change in the interest rate for Uniontown and Smith-Blair from 6.50% to 8.00%.

The significant actuarial assumptions used in the December 31, 2016 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-2016 and for disabled annuitants the RP-2014 Disabled Fully Generational Mortality Table reflecting the revised improvement Scale MP-2016.
- **Retirement age:** For all groups except Uniontown and Smith-Blair, Retirement rates from 2.03% at age 55 to 100.00% at age 70. For Uniontown and Smith-Blair, Retirement rates from 25.00% at age 61 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

There were no assets in the Master Trust at December 31, 2017. The following table presents the investments of the Master Trust at December 31, 2016:

	2016
Investments at estimated fair value:	
Cash and cash equivalents	\$ 51,864
Mutual funds	21,898,993
Exchange traded notes	2,714,983
Collective trusts	31,719,247
Limited partnerships	3,969,557
Investments in the Master Trust	<u>\$ 60,354,644</u>
 Plan's interest in investments of the Master Trust	 <u>\$ 60,354,702</u>
 Plan's interest in investments of the Master Trust as a percentage of the total	 <u>100.00%</u>

The net investment income (loss) of the Master Trust for the years ended December 31, 2017 and 2016, are summarized below:

	2017	2016
Investment income (loss) in the Master Trust:		
Net appreciation (depreciation) in fair value of investments	\$ 8,340,198	\$ 3,871,896
Interest and dividends	\$ 861,212	\$ 862,259
Fees & expenses	(168,779)	(244,613)
Net investment income (loss) in the Master Trust	<u>\$ 9,032,631</u>	<u>\$ 4,489,542</u>
 Plan's interest in the Master Trust investment income (loss)	 <u>\$ 9,032,631</u>	 <u>\$ 191,257</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 held a portion of its investments in collective trusts managed by the Trustees of the Plan and the Master Trust. The Trustees also manage a portion of Plan assets held outside the 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 April 20, 2017, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, Plan management believes that the Plan is designed and being operated in compliance with the applicable requirements 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 Company has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes the Plan is no longer subject to income tax examinations for years prior to 2014.

Note 10. Subsequent Events

The Plan Administrator has evaluated subsequent events for recognition and disclosure through September 25, 2018, which is the date the financial statements were available to be issued. No significant events were noted except for the matters disclosed below.

Effective April 9, 2018, the Plan was amended to conform the Plan to the terms agreed to by the parties of the collective bargaining agreement between Sensus USA, Inc. and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO-CLC on behalf of Local Union 13836. The amendment included an increase in certain active participants' monthly pension benefits.

An additional discretionary contribution of \$19.3 million was made to the Plan in the third quarter 2018 to increase the funding ratio and reduce regulatory fees.

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2017

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	1	5	1							
25-29		12	12							
30-34	2	20	14	11						
35-39		10	11	9	2	1				
40-44		7	13	10	18	8				
45-49	1	13	10	8	25	7	8			
50-54		13	15	15	23	24	38	7	1	
55-59		15	18	21	28	23	38	16	43	10
60-64	1	7	12	19	20	25	20	10	21	47
65-69			3	8	8	7	6	5	1	14
70+				4	4	3	1			2

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Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

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 2016), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor.
1st Segment Rate	4.16%
2nd Segment Rate	5.72%
3rd Segment Rate	6.48%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month lookback (as of September 2016), without regard to interest rate stabilization.
1st Segment Rate	1.52%
2nd Segment Rate	3.80%
3rd Segment Rate	4.79%
Optional Payment Form Election Percentage	See Table 1.
Mortality Rates	
Healthy	2017 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	Zelienople—Not applicable. Others—See Table 3.
Disability Rates	Zelienople—Not applicable. Others—See Table 4.
Decrement Timing	Middle of year decrements (except that retirement is assumed to occur at the beginning of the year for ages at which the assumed retirement rate is 100%).
Surviving Spouse Benefit	Sensus—It is assumed that 75% participants have an opposite-gender spouse at death. Others—It is assumed that 85% participants have an opposite-gender spouse at death.
Salary Increases	Standard—3.5% (only relevant for the Special Conditions Pension).

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Benefit and Compensation Limits

Projected benefits and compensation (for Standard only) are limited by the current IRC section 415 maximum benefit of \$215,000 and the IRC section 401(a)(17) compensation limit of \$270,000.

Valuation of Plan Assets

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 limited to not less than 90% nor more than 110% of fair market value.

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).

Expected Return on Assets
2015 Plan Year

7.85% before third segment rate limit, limited to the third segment rate of 6.81%.

2016 Plan Year

6.53% before and after third segment rate limit.

2017 Plan Year

6.33% before and after third segment rate limit.

Trust Expenses Included in Target Normal Cost

The prior year's non-investment, non-PBGC expenses, increased with 2.2% 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, 2017.

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 1

Optional Payment Form Election Percentages

	Zelienople	Auburn	Bell & Gossett	Lubbock	Sensus	Standard
Current Actives						
Single Life Annuity	10%	55%	70%	55%	100%	70%
50% Joint and Survivor	70%	10%	10%	10%	N/A	10%
66 2/3% Joint and Survivor	N/A	5%	N/A	5%	N/A	N/A
75% Joint and Survivor	10%	10%	10%	10%	N/A	10%
100% Joint and Survivor	10%	15%	10%	15%	N/A	10%
10-Year Certain and Life	N/A	5%	N/A	5%	N/A	N/A
Current Terminated Vested						
Single Life Annuity	10%	55%	70%	55%	100%	70%
50% Joint and Survivor	70%	10%	15%	10%	N/A	15%
66 2/3% Joint and Survivor	N/A	5%	N/A	5%	N/A	N/A
75% Joint and Survivor	20%	10%	15%	10%	N/A	15%
100% Joint and Survivor	N/A	15%	N/A	15%	N/A	N/A
10-Year Certain and Life	N/A	5%	N/A	5%	N/A	N/A

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
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Table 2

Retirement Rates for Active Participants

Age	Auburn	Zelienople and Lubbock	Bell & Gossett	Sensus		Standard	
				Uniontown	Texarkana	Reduced	Unreduced
55	2.03%	5.00%	2.03%	0.00%	0.00%	2.03%	0.00%
56	2.05%	5.00%	2.05%	0.00%	0.00%	2.05%	0.00%
57	2.07%	5.00%	2.07%	0.00%	0.00%	2.07%	0.00%
58	2.14%	5.00%	2.14%	0.00%	0.00%	2.14%	0.00%
59	2.19%	6.00%	2.19%	0.00%	0.00%	2.19%	0.00%
60	2.30%	7.00%	2.30%	0.00%	0.00%	2.30%	0.00%
61	2.37%	10.00%	2.37%	25.00%	0.00%	2.37%	0.00%
62	70.00%	20.00%	2.59%	25.00%	0.00%	2.59%	20.00%
63	30.00%	10.00%	2.83%	25.00%	0.00%	2.83%	10.00%
64	30.00%	15.00%	3.07%	25.00%	75.00%	3.07%	10.00%
65	30.00%	70.00%	50.00%	33.00%	33.00%	50.00%	50.00%
66	30.00%	30.00%	30.00%	33.00%	33.00%	30.00%	30.00%
67	30.00%	30.00%	30.00%	33.00%	33.00%	30.00%	30.00%
68	30.00%	30.00%	30.00%	33.00%	33.00%	30.00%	30.00%
69	30.00%	30.00%	30.00%	33.00%	33.00%	30.00%	30.00%
70+	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 3—Page 1 of 3

Withdrawal Rates—Non-Sensus

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)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 3—Page 2 of 3

Withdrawal Rates—Non-Sensus

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)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 3—Page 3 of 3

Withdrawal Rates—Sensus

Age	Rate	Age	Rate
18	23.76%	48	5.58%
19	22.86%	49	5.31%
20	21.87%	50	5.04%
21	20.97%	51	4.77%
22	20.07%	52	4.50%
23	19.17%	53	4.23%
24	18.36%	54	4.05%
25	17.55%	55	3.78%
26	16.74%	56	3.60%
27	16.02%	57	3.33%
28	15.30%	58	3.15%
29	14.58%	59	2.97%
30	13.95%	60	2.70%
31	13.23%	61	2.52%
32	12.60%	62	2.34%
33	12.06%	63	2.07%
34	11.43%	64	1.89%
35	10.89%	65	1.71%
36	10.35%	66	1.53%
37	9.90%	67	1.26%
38	9.36%	68	1.08%
39	8.91%	69	0.90%
40	8.46%	70+	0.72%
41	8.10%		
42	7.65%		
43	7.29%		
44	6.93%		
45	6.57%		
46	6.21%		
47	5.94%		

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 4—Page 1 of 2

Disability Rates—Non-Sensus

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 Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Table 4—Page 2 of 2

Disability Rates—Sensus

Age	Male	Female	Age	Male	Female
15	0.0800%	0.1000%	45	0.2944%	0.3997%
16	0.0800%	0.1000%	46	0.3252%	0.4312%
17	0.0800%	0.1000%	47	0.3560%	0.4628%
18	0.0800%	0.1000%	48	0.4172%	0.5159%
19	0.0800%	0.1000%	49	0.4784%	0.5690%
20	0.0800%	0.1000%	50	0.5396%	0.6220%
21	0.0800%	0.1000%	51	0.6008%	0.6751%
22	0.0800%	0.1000%	52	0.6620%	0.7282%
23	0.0818%	0.1031%	53	0.7670%	0.7962%
24	0.0836%	0.1063%	54	0.8720%	0.8642%
25	0.0854%	0.1094%	55	0.9770%	0.9323%
26	0.0872%	0.1126%	56	1.0820%	1.0003%
27	0.0890%	0.1157%	57	1.1870%	1.0683%
28	0.0922%	0.1236%	58	1.2838%	1.1053%
29	0.0954%	0.1316%	59	1.3806%	1.1423%
30	0.0986%	0.1395%	60	1.4774%	1.1792%
31	0.1018%	0.1475%	61	1.5742%	1.2162%
32	0.1050%	0.1554%	62+	1.6710%	1.2532%
33	0.1114%	0.1706%			
34	0.1178%	0.1858%			
35	0.1242%	0.2011%			
36	0.1306%	0.2163%			
37	0.1370%	0.2315%			
38	0.1500%	0.2462%			
39	0.1630%	0.2609%			
40	0.1760%	0.2756%			
41	0.1890%	0.2903%			
42	0.2020%	0.3050%			
43	0.2328%	0.3366%			
44	0.2636%	0.3681%			

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		

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

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

A Name of plan XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	053
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 <u>01</u> Day <u>01</u> Year <u>2017</u>			
2 Assets:			
a Market value.....	2a	76,775,554	
b Actuarial value.....	2b	78,509,357	
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.....	894	44,260,325	44,260,325
b For terminated vested participants.....	318	6,291,229	6,291,229
c For active participants.....	835	28,551,895	29,713,212
d Total.....	2,047	79,103,449	80,264,766
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	5.87%	
6 Target normal cost.....	6	2,883,910	

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 <u>MLB 09-10-2018</u> <div style="text-align: center;">Signature of actuary</div>	<u>09/10/2018</u> <div style="text-align: center;">Date</div>
	Matthew L. Bond <div style="text-align: center;">Type or print name of actuary</div>	<u>1707596</u> <div style="text-align: center;">Most recent enrollment number</div>
	Aon Consulting, Inc. <div style="text-align: center;">Firm name</div>	<u>203-523-8470</u> <div style="text-align: center;">Telephone number (including area code)</div>
	Merritt 7 Corporate Park Building 201 Norwalk CT 06851 <div style="text-align: center;">Address of the firm</div>	

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) 2017

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	63,241
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	63,241
10 Interest on line 9 using prior year's actual return of <u>7.99%</u>	0	5,309
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		5,579,264
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>6.10%</u>		336,736
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.....		5,916,000
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	68,550

Part III Funding Percentages

14 Funding target attainment percentage	14	97.72%
15 Adjusted funding target attainment percentage.....	15	97.72%
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	98.07%
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
04/14/2017	995,598	0			
07/14/2017	995,598	0			
10/13/2017	330,000	0			
01/12/2018	801,000	0			
09/07/2018	19,900,000	0			
Totals ▶	18(b)	23,022,196	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	21,095,724

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: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 65
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	2,883,910	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	1,823,959	673,119	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	3,557,029	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	68,550	68,550
36 Additional cash requirement (line 34 minus line 35)	36	3,488,479	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	21,095,724	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	17,607,245	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	68,550	
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	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Schedule SB, line 7—Explanation of Discrepancy in Prior Year Funding Standard
Carryover Balance or Prefunding Balance

Effective as of December 30, 2016, the Retirement Plan of Xylem Water Solutions Zelenople for Hourly Paid Employees (Leopold) was renamed as the Xylem Pension Plan for U.S. Hourly Employees (the "Plan").

At the same time, the following U.S. pension plans (the "Merged Plans") were merged into the Plan (the "Merger"):

- Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York (Auburn)
- Xylem Bell & Gossett Pension Plan for Hourly Employees (Bell & Gossett)
- Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX (Lubbock)
- Sensus USA Inc. Union Retirement Plan (Sensus)
- Xylem Standard Hourly (Bargaining Unit) Pension Plan (Standard)

Hence, the opening prefunding balance at January 1, 2016 includes a balance of \$51,080 from the Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX (Lubbock).

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Schedule SB, line 19—Discounted Employer Contributions

Year applied for contributions: 2017

Date	Amount	Days to Discount to 1/1/2017 at 5.87%	Interest Adjusted Contribution
April 14, 2017	\$ 995,598	103	\$ 979,700
July 14, 2017	995,598	194	965,866
October 13, 2017	330,000	285	315,624
January 12, 2018	801,000	376	755,289
September 7, 2018	19,900,000	614	18,079,245
Total Contribution	\$ 23,022,196		\$ 21,095,724

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

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	1.92%	5.35	294.32
56	2.00%	6.15	344.62
57	1.99%	6.66	379.61
58	2.00%	7.23	419.10
59	2.11%	8.68	512.36
60	2.25%	10.07	604.45
61	4.88%	23.07	1407.44
62	20.66%	100.65	6240.57
63	7.69%	31.76	2000.72
64	7.63%	30.14	1928.84
65	53.26%	203.18	13206.71
66	30.50%	57.32	3782.88
67	30.47%	42.13	2822.95
68	30.51%	31.46	2139.55
69	30.56%	24.11	1663.42
70	100.00%	58.15	4070.55
71	100.00%	5.00	355.00
72	100.00%	3.00	216.00
73	100.00%	1.00	73.00
74	100.00%	1.00	74.00
75	100.00%	1.00	75.00
76	100.00%	0.00	0.00
77	100.00%	1.00	77.00
78	100.00%	0.00	0.00
79	100.00%	1.00	79.00
Total		659.12	42767.09
Weighted Average			64.88

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Schedule SB, Part V—Summary of Plan Provisions

Plan Merger

Description of Plan Merger

Effective as of December 30, 2016, the Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid Employees (Zelienople) was renamed as the Xylem Pension Plan for U.S. Hourly Employees (the "Plan").

At the same time, the following U.S. pension plans (the "Merged Plans") were merged into the Plan (the "Merger"):

- Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York (Auburn)
- Xylem Bell & Gossett Pension Plan for Hourly Employees (Bell & Gossett)
- Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX (Lubbock)
- Sensus USA Inc. Union Retirement Plan (Sensus)
- Xylem Standard Hourly (Bargaining Unit) Pension Plan (Standard)

Benefit Provisions

The benefit provisions for each location, including any changes subsequent to the plan merger, are described in the following pages of this report.

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Water Solutions Zelienople

Effective Date January 1, 1951. Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

Eligibility for Participation An eligible employee (currently represented for Collective Bargaining by International Brotherhood of Painters and Allied Trades, Glaziers Local Union 751, AFL-CIO) on the payroll of a participating unit became a participant as of the date he or she completes an hour of service.

No employees are to become eligible to participate after May 1, 2007 with the exception of formerly eligible rehires.

Normal Retirement
Eligibility

Age 65 or five years of continuous service.

Benefit

A monthly amount equal to sum of benefit accruals for each full or fractional year of credited service up to August 31, 2010. The benefit accrual for each year is based on the participant's annual compensation rate and the schedule of benefit units for that year, as follows:

Annual Rate of Compensation	Benefit Unit
Prior to January 1, 1998:	
\$21,200 but less than \$21,800	\$17.50
\$21,800 but less than \$22,400	\$18.00
\$22,400 but less than \$23,000	\$18.50
\$23,000 but less than \$23,600	\$19.00
\$23,600 but less than \$24,200	\$19.50
\$24,200 but less than \$24,800	\$20.00
\$24,800 but less than \$25,400	\$20.50
\$25,400 but less than \$26,000	\$21.00
\$26,000 but less than \$26,600	\$21.50
\$26,600 but less than \$27,200	\$22.00
\$27,200 but less than \$27,800	\$22.50
\$27,800 but less than \$28,400	\$23.00

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Annual Rate of Compensation	Benefit Unit
Effective January 1, 1999, the following rates were added:	
\$28,400 but less than \$29,000	\$23.50
\$29,000 but less than \$29,600	\$24.00
\$29,600 but less than \$30,200	\$24.50
\$30,200 but less than \$30,800	\$25.00
\$30,800 but less than \$31,400	\$25.50
\$31,400 and over	\$26.00
Effective January 1, 2004, the following rates were added:	
\$32,000 but less than \$32,600	\$26.50
\$32,600 but less than \$33,200	\$27.00
\$33,200 but less than \$33,800	\$27.50
\$33,800 and over	\$28.00

No credited service is earned after August 31, 2010.

Early Retirement
Eligibility

Age 55 and 10 years of continuous service.

Benefit

A monthly benefit equal to the normal retirement benefit reduced by $\frac{1}{3}$ of 1% for each month the early retirement precedes the normal retirement.

Vested Termination
Eligibility

Five years of continuous service.

Benefit

The accrued benefit at the date of termination, payable at age 65.

Participants at least age 55 at separation, with 10 years of continuous service at separation, are eligible for the early retirement benefit described above.

Participants under age 55 at separation, but with at least 10 years of continuous service at separation, may commence as early as age 55. If so, benefits are reduced by $\frac{5}{9}$ of 1% for each of the first 60 months and $\frac{5}{18}$ of 1% for each of the next 60 months that commencement precedes age 65.

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Disability Eligibility	Total and permanent disability of an active employee after 10 years of continuous service.
Benefit	The accrued benefit determined as of the date of disability.
Surviving Spouse Eligibility	Five years of continuous service.
Benefit	<p>A monthly benefit payable to the surviving spouse of an active or terminated vested employee, beginning at the later of the employee's earliest retirement age or notification to the administration committee of the employee's death. The benefit is equal to 50% of the amount payable if the participant had retired on that date with a 50% joint and survivor benefit.</p> <p>Participants are not charged for this coverage.</p>
Postretirement Death Benefit Eligibility	Normal retirement, early retirement, or disability retirement directly from active service. The benefit is not payable to terminated vested participants who subsequently commence.
Benefit	Upon death of the participant, a one-time lump sum death benefit of \$2,500 is paid to a beneficiary, unless the beneficiary is eligible for a death benefit under another program of the company other than a postretirement life insurance benefit from the retiree welfare plan. Benefit is in addition to the annuity benefits payable under the plan.
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.

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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 the plan document.

Definitions

Continuous Service

The period measured from the date employment commences to the date employment terminates. A full year of service is granted for years where at least 1,000 hours were worked during a calendar year for an eligible employee.

Credited Service

One month of service is earned for each calendar month during which an employee has one hour of service. However, no credited service is earned after August 31, 2010.

Annual Compensation Rate

Basic rate of pay for a plan year, annualized to reflect normal hours worked, excluding hours considered to be overtime.

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Standard

Effective Date

June 6, 1986. Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

Eligibility for Participation

An eligible hourly paid employee of a participating unit (Xylem Standard, previously ITT or ITT Standard) with the United Steelworkers, AFL-CIO-CLC and its Local Union 897 shall become a participant as of their date of hire.

Employees hired or rehired on or after October 17, 2016 are not eligible to participate.

Normal Retirement
Eligibility

Age 65.

Gross Benefit

For participants hired on or before October 17, 1993:
A monthly amount equal to (1) plus (2):

- (1) For service on and prior to December 31, 2013, the greater of (a) 1% of average monthly earnings multiplied by years of credited service or (b) \$18.00 multiplied by years of credited service.
- (2) For service after December 31, 2013, \$50.00 multiplied by years of credited service.

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For participants hired after October 17, 1993:

A monthly amount equal to years of credited service times a benefit unit based on the termination date, as shown in the table below:

Termination Date	Benefit Unit
Prior to 1/2/2000	\$18.00
1/2/2000–10/14/2001	\$19.00
10/15/2001–10/16/2005	\$20.00
10/17/2005–10/15/2006	\$21.00
10/16/2006–10/14/2007	\$22.00
10/15/2007–10/19/2008	\$23.00
10/20/2008–10/15/2010	\$24.00
10/16/2010–10/15/2011	\$25.00
10/16/2011–10/20/2002	\$26.00
10/21/2012–10/13/2013	\$27.00
10/14/2013–12/31/2016	\$30.00
1/1/2017–12/31/2017	\$31.00
1/1/2018–12/31/2018	\$32.00
On or after 1/1/2019	\$33.00

For the first three months after retirement, the Special Conditions Pension is paid in lieu of the normal retirement benefit.

Benefit Offset

Regardless of hire date, the gross benefit is reduced by the benefit earned under the American Standard Inc. Plan.

Early Retirement Eligibility

Age 55 and 10 years of credited service. Participants are also eligible upon termination due to a layoff or plant shutdown with points (age plus years of credited service) of 80 or more.

Benefit

The normal retirement benefit is payable immediately, without reduction, if the participant meets any of the following conditions:

- **30 and out**—The participant is age 62 with 30 years of continuous service at commencement. In this case, an additional supplement of \$200 per month is payable until age 65.
- **Early retirement with 75 points**—The participant is age 55 with 10 years of credited service and 75 points.

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- **Involuntary separation with 80 points**—The participant separates with 80 points, due to a layoff or plant shutdown.

Otherwise, the normal retirement benefit is reduced by $\frac{1}{4}$ of 1% for each month early retirement precedes the normal retirement.

For all retirements, for the first three months after retirement, the Special Conditions Pension is paid in lieu of the early retirement benefit.

Special Conditions Pension
Eligibility

Active employees retiring under the plan.

Benefit

A lump sum of 13 weeks of pay at the pay rate the retiree would have received if they were on vacation at retirement. This benefit is not reduced for early retirement.

Vested Termination
Eligibility

Five years of continuous service.

Benefit

The accrued benefit at the date of termination, with commencement between the vested retirement date and normal retirement date. If the benefit is commenced before the normal retirement date, the benefit is equal to the normal retirement benefit reduced by $\frac{1}{3}$ of 1% for each month the early retirement precedes the normal retirement.

Disability
Eligibility

Total and permanent disability from active service after attainment of 10 years of credited service.

Benefit

The greater of \$275 per month and the unreduced accrued benefit determined as of the date of disability, payable immediately.

Surviving Spouse
Eligibility

Five years of continuous service.

Benefit

A monthly benefit payable to the surviving spouse beginning the first day of the month after death equal to 50% of the amount payable if the participant had retired on that date with a 50% joint and survivor benefit.

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For survivors of employees who die after completing 10 years of service and attaining age 40, a minimum benefit applies. Until the earlier of remarriage and the survivor's age 65, the minimum amount payable to the survivor is \$250 per month.

The benefits above are available to active and terminated vested participants. Participants are not charged for this coverage.

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.

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

Average Monthly Earnings

Compensation based on the highest five calendar years of the final 10 calendar years preceding termination or retirement. The average monthly earnings and associated benefits were frozen on December 31, 2013.

Continuous Service

The period beginning on the first day of the month in which the employee completes one hour of service and ending on the last day of the month in which the employee is no longer employed.

Credited Service

One month of service is earned for each calendar month during which an employee has one hour of service.

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Texas Turbine Operations, Lubbock, Texas

Effective Date October 15, 1967. Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

Eligibility for Participation An hourly paid employee of a participating unit, employed in Lubbock, Texas became eligible to participate in the plan on the first day he or she completed an hour of service.

No employees are to become eligible to participate after January 1, 2008, except for formerly eligible rehires.

**Normal Retirement
Eligibility**

Age 62 and five years of continuous service.

Benefit

A monthly amount equal to years of credited service multiplied by a benefit unit determined in connection with the date of termination of employment as follows:

Termination Date	Benefit Unit
Prior to 1/1/2002	\$19.00
1/1/2002–12/31/2002	\$20.00
1/1/2003–12/31/2003	\$21.00
1/1/2004–12/31/2004	\$22.00
1/1/2005–12/31/2005	\$23.00
On or after 1/1/2006	\$25.00

No credited service is earned on or after January 1, 2008.

**Early Retirement
Eligibility**

Age 55 and five years of continuous service.

Benefit

A monthly benefit equal to the normal retirement benefit reduced by $\frac{1}{3}$ of 1% for each month the early retirement precedes the normal retirement.

**Vested Termination
Eligibility**

Five years of continuous service.

Benefit

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

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Disability
Eligibility

Total and permanent disability of an active employee after five years of continuous service.

Benefit

The accrued benefit based on credited service and benefit unit at the date of disability.

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 later of the employee's death and the date the employee would have attained age 45. The benefit is equal to 50% of the employee's accrued benefit as of the date of death, with no reduction for early commencement or a joint and survivor option factor.

Participants are not charged for this coverage.

For deaths occurring after termination of employment:

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.

Participants are not charged for this coverage.

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.
10-year certain and life annuity.
100% joint and survivor annuity.
75% joint and survivor annuity.
66⅔% joint and survivor annuity.
50% joint and survivor annuity.

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Delayed Commencement

If benefit commencement is delayed beyond the later of normal retirement (age 62) 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 B of the plan document.

Definitions

Continuous Service

The period beginning on the first day of the month in which the employee completes one hour of service and ending on the last day of the month in which the employee is no longer employed.

Credited Service

One month of service is earned for each calendar month during which an employee has one hour of service. No credited service is earned on or after January 1, 2008.

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Bell & Gossett

Effective Date January 1, 1965. Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

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

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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 15 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.

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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 C of the plan document.

Definitions

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.

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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.

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Auburn, New York

Effective Date January 1, 2012. Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

Eligibility for Participation An eligible employee becomes a participant as of the date of completion of an hour of service. Employees hired or rehired on or after August 3, 2014 are not eligible to participate.

Normal Retirement Eligibility Age 62 and five years of continuous service.

Benefit A monthly amount equal to years of credited service multiplied by a benefit unit determined in connection with the date of termination of employment as follows:

Termination Date	Benefit Unit Per Year of Service	
	Prior to 1/1/2005	On or After 1/1/2005
Before 12/31/2012	\$33.00	\$42.00
12/31/2012–12/31/2013	\$34.00	\$43.00
12/31/2013–12/31/2014	\$35.00	\$44.00
12/31/2014–12/31/2015	\$35.00	\$45.00
12/31/2015–12/31/2016	\$35.00	\$46.00
On and after 12/31/2016	\$35.00	\$47.00

The benefit is reduced by the benefit earned under the Former Pension Plan.

Early Retirement Eligibility Age 55 and five years of continuous service.

Benefit A monthly benefit equal to the normal retirement benefit reduced by $\frac{1}{3}$ of 1% for each month the early retirement precedes the normal retirement.

Vested Termination Eligibility Five years of continuous service.

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

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Disability
Eligibility

Total and permanent disability of an active participant after five years of continuous service.

Benefit

The accrued benefit determined as of the date of disability, payable immediately to the earlier of recovery from disability or normal retirement age 62. The benefit is provided in addition to the retirement benefit, but stops if the participant commences retirement.

Surviving Spouse
Eligibility

Five years of continuous service.

Benefit

For deaths occurring while actively employed:

A monthly benefit payable to the surviving spouse beginning on the later of the first day of any month once the Administration Committee is officially notified of the employee's death and the date the employee would have attained age 45. The benefit is 50% of the employee's accrued benefit as of the date of death, with no reduction for early commencement or a joint and survivor option factor.

Participants are not charged for this coverage.

For pre-commencement deaths occurring after termination:

A monthly benefit payable to the surviving spouse beginning at the employee's earliest retirement age, equal to 50% of the amount that would have been payable if the participant had retired on that date with a 50% joint and survivor benefit.

Participants are not charged for this coverage.

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.

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Optional Forms of Annuity	Single life annuity. 100% joint and survivor annuity. 75% joint and survivor annuity. 66⅔% joint and survivor annuity. 50% joint and survivor annuity. 10-year certain and life annuity.
Actuarial Equivalence	Factors as per Appendix D of the plan document.
Delayed Commencement	If benefit commencement is delayed beyond the later of normal retirement (age 62) 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.
Definitions	
Continuous Service	The period beginning on the first day of the month in which the eligible employee completes one hour of service and ending on the last day of the month in which the employee is no longer employed. Continuous service includes service under the Former Pension Plan.
Credited Service	One month of service is earned for each calendar month during which an eligible employee has one hour of service. Credited service includes service under the Former Pension Plan.
Former Pension Plan	ITT Pension Plan for Bargaining Unit Employees, Seneca Falls, New York.

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Sensus

Effective Date Last amended and restated, effective December 30, 2016, to reflect the merger of the U.S. qualified plans.

Eligibility for Participation

Uniontown, Pennsylvania Employees Hourly collective bargained employees who are employed in the Uniontown, Pennsylvania plant.

No employee of Uniontown hired on or after February 25, 2013 shall become an active participant.

Texarkana, Arkansas Employees Hourly collective bargained employees who are employed in the Texarkana, Arkansas plant of Smith-Blair Inc.

No employee of Smith-Blair, Inc. hired on or after July 11, 2011 shall become an active participant.

Normal Retirement Benefit

Eligibility Age 65.

Benefit **Uniontown, Pennsylvania Employees**
For employees who were not active on February 25, 2013, accrued benefit is \$30.00 multiplied by accrual service earned after December 18, 2003 and prior to February 25, 2013.

For other employees in the plan, accrued benefit is (1) plus (2) below:

(1) \$30.00 multiplied by accrual service earned from December 19, 2003 through December 31, 2012.

(2) \$32.00 multiplied by accrual service earned from January 1, 2013 onward.

For employees of Invensys as of December 31, 2003, any benefit service with Invensys for calendar year 2003 is also considered in the calculation above and subject to the \$30.00 multiplier.

The accrued service mentioned above is subject to the limits described in the "Maximum Service" section of these plan provisions.

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Texarkana, Arkansas Employees

Accrued benefit is the sum of (1) through (6) below:

- (1) \$20.50 multiplied by accrual service from December 18, 2003 through March 28, 2007.
- (2) \$22.00 multiplied by accrual service from March 29, 2007 through March 23, 2008.
- (3) \$22.50 multiplied by accrual service from March 24, 2008 through March 22, 2009.
- (4) \$23.00 multiplied by accrual service from March 23, 2009 through March 21, 2010.
- (5) \$24.00 multiplied by accrual service from March 22, 2010 through April 13, 2014.
- (6) \$25.00 multiplied by accrual service from April 14, 2014 onward.

The accrued service mentioned above is subject to the limits described in the "Maximum Service" section of these plan provisions.

**Early Retirement Benefit
Eligibility**

Age 55 and 10 years of vesting service. Participants who terminate with 10 or more years of vesting service, before attainment of age 55, become eligible for early retirement at age 55.

Benefit

Uniontown, Pennsylvania Employees

Accrued benefit on early retirement date reduced by $\frac{1}{2}$ of 1% per month for each of the first 24 months and $\frac{1}{3}$ of 1% for each additional month that early retirement date precedes the attainment of age 62. No reduction applies on or after age 62.

Texarkana, Arkansas Employees

Accrued benefit on early retirement date reduced by $\frac{1}{2}$ of 1% per month for each of the first 60 months and $\frac{1}{3}$ of 1% for each additional month that early retirement date precedes normal retirement date.

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Vested Termination

Eligibility

Five years of vesting service.

Benefit

The accrued benefit at the date of termination, payable at age 65. However, participants with 10 years of vesting service at separation can instead elect the early retirement benefit as early as age 55.

Disability

Eligibility

Total and permanent disability prior to age 65, after completion of 10 years of vesting service.

Benefit

The accrued benefit as of the date of disablement, with no early retirement reductions, but reduced by any employer-provided disability benefits besides Social Security disability and worker's compensation benefits.

Surviving Spouse

Eligibility

Qualified married participant vested in an accrued benefit.

Benefit

A monthly benefit payable to the surviving spouse beginning at the employee's earliest retirement age, equal to the survivor benefit that would have been payable had the participant terminated employment on the date of death and survived to his/her earliest retirement age (or such later commencement age elected by the survivor), retired with a qualified 50% joint and survivor annuity in effect, then died the next day.

If the survivor defers commencement past when the original participant would have attained age 65, the benefit is actuarially increased from the age 65 (or the participant's age at death, if later) and the age that the participant would have been at the survivor's commencement. The survivor must commence by the original participant's age 70½.

Beneficiary Death Benefit

Eligibility

Unmarried beneficiary if death occurs after the participant's early retirement date.

Benefit

A monthly benefit payable to the beneficiary equal to the survivor benefit that would have been payable had the participant terminated employment on the date of death, retired then (or up to one year later, as elected by the beneficiary) with a 50% joint and survivor annuity in effect, then died the next day.

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Normal Form of Annuity	Single life annuity for unmarried participants; 50% joint and survivor annuity for married participants.
Optional Forms of Annuity	Single life annuity. 100% joint and survivor annuity. 75% joint and survivor annuity. 50% joint and survivor annuity. 10-year certain and life annuity. 5-year certain and life annuity.
Delayed Commencement	<p>For an employee who terminates prior to the normal retirement date or terminates after normal retirement date and elects to defer the benefit, the accrued benefit payable on the late retirement date shall be actuarially increased to to the actuarial equivalent of the retirement benefit that would have been paid on the normal retirement date (or date of termination if later).</p> <p>Participants who continue to work past normal retirement date and who work 40 or more hours per month are required to receive notification that retirement benefits are suspended.</p>
Actuarial Equivalence	Factors as per Appendix E of the plan document.
Definitions	
Accrual Service	<p>Uniontown, Pennsylvania Employees One year of service is earned for each calendar year during which an employee has worked at least 1,000 hours. Partial years are granted for less than 1,000 hours worked. Certain military service is also considered.</p> <p>Texarkana, Arkansas Employees The period measured from the date employment commences to the date employment terminates. Certain military service is also considered.</p>
Vesting Service	<p>One year of service is earned for each calendar year during which an employee has worked at least 1,000 hours. Partial years are granted for less than 1,000 hours worked.</p> <p>Credit is granted for service with Sensus and with certain Invensys companies. Certain military service is also considered.</p>

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

Maximum Service

Uniontown, Pennsylvania Employees

Accrual service shall not exceed 35 years. For purposes of maximum service, accrual service from March 11, 1989 shall be counted. The pension cap will include Rockwell service up to a maximum of 21 years (effective January 23, 1995). Effective March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, February 25, 2008, and January 1, 2009 through January 1, 2017 an additional one year of pension cap reduction will occur (the cap will be seven years on January 1, 2017).

Texarkana, Arkansas Employees

Accrual service shall not exceed 40 years. For purposes of maximum service, accrual service from January 1, 1973 shall be counted.

Plan Changes Since the Prior Year

Effective as of December 30, 2016, the Retirement Plan of Xylem Water Solutions Zelienople for Hourly Paid Employees (Zelienople) was renamed as the Xylem Pension Plan for U.S. Hourly Employees (the "Plan").

At the same time, the following U.S. pension plans (the "Merged Plans") were merged into the Plan (the "Merger"):

- Xylem Pension Plan for Bargaining Unit Employees, Auburn, New York (Auburn)
- Xylem Bell & Gossett Pension Plan for Hourly Employees (Bell & Gossett)
- Xylem Pension Plan for Hourly Employees, Texas Turbine Operations, Lubbock, TX (Lubbock)
- Sensus USA Inc. Union Retirement Plan (Sensus)
- Xylem Standard Hourly (Bargaining Unit) Pension Plan (Standard)

The 2017 funding valuation also reflect the following plan changes for the Standard location since the January 1, 2016 valuation, adopted and effective in 2016:

- Employees hired after October 16, 2016 are not eligible to become participants in the plan.
- For participants hired after October 17, 1993 and terminating after 2016, the benefit increased from \$30.00 per month per year of credited service. The new rates are \$31.00 per month (for terminations during 2017), \$32.00 per month (for terminations during 2018), and \$33.00 per month (for terminations after 2018).

The 2016 funding valuation reflected the following plan changes for the Bell & Gossett location since the January 1, 2015 valuation, adopted and effective in 2015:

- Employees hired after August 14, 2015 are not eligible to become participants in the plan.
- 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.

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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.

SUPPLEMENTAL SCHEDULE

Sponsor EIN # 45-2080495

Plan # 053

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XYLEM PENSION PLAN FOR U.S. HOURLY EMPLOYEES
FORM 5500, SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2017

EIN#: 45-2080495

PN: 053

(a) (party-in- interest)	(b) Identity of Issuer, Borrower, Lesser or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
	Capital Research & Mgmt Co.	American Funds EuroPacific Growth R6	\$ 6,630,000	\$ 6,682,373
	Baron Capital	Baron Small Cap Inst Fund	1,475,000	1,481,562
	JP Morgan Invsmt Mgmt Inc.	JP Mogan Mid Cap Value R6	2,685,852	2,665,520
	Janus Henderson	Janus Henderson Small Cap Value N	1,475,000	1,471,796
	T Rowe Price Assoc., Inc.	T Rowe Price Mid-Cap Growth I	2,300,000	2,289,475
	Vanguard Group	Vanguard Real Estate Index Admiral	3,685,000	3,761,478
*	Northern Trust	NT Collective ACWI ExUS Invst Mkt Idx NL	6,642,762	6,744,598
*	Northern Trust	NT Collective S&P 500 Index NL	19,190,202	19,157,072
	Wells Fargo Fund Mgmt	Wells Fargo Adv Core Bond R6	12,155,000	12,202,369
	Mainstay	Mainstay High Yield Corporate Bond R6	1,475,000	1,480,157
*	Northern Trust	COLTV Short Term Invt FD	16,035,736	16,045,313
	Western Asset Mgmt Co.	Western Asset Core Plus Bond I	—	31,171
	MFS Investment Mgmt	MFS Value A	437,206	682,659
*	Principal Global Investors	Large Cap S&P 500 Index SA-R6	251,296	571,401
*	Principal Global Investors	Blue Chip SA-R6	669,335	714,820
	JP Morgan Invsmt Mgmt Inc.	JP Morgan Mid Cap Value A	177,493	263,361
	T Rowe Price Assoc., Inc.	T Rowe Price Mid-Cap Growth Adv	211,775	293,259
	Janus Henderson	Janus Henderson SmCp Val T	268,025	279,036
	Baron Capital	Baron Small Cap Retail Fund	293,016	268,700
	Oppenheimer Funds, Inc.	Oppenheimer Developing Markets R	407,203	452,353
	American Beacon	American Beacon Intl Equity Inst	389,459	465,943
	Vanguard Group	Vanguard Dev Markets Index Admiral	377,447	461,422
	Invesco	Invesco Intl Growth A Fund	420,300	555,856
	Multiple Sub-Advisors	Diversified Real Asset SA-R6	452,362	474,795
	PIMCO	PIMCO All Asset Institutional Fund	535,722	548,007
	Vanguard Group	Vanguard ST Inv-Grade Adm Fund	508,875	505,804
	Neuberger Berman/Mellon	High Yield I SA-R6	360,381	536,237
*	Principal Global Investors	Core Plus Bond SA-R6	1,468,101	1,627,751
	BlackRock Fin Mgmt, Inc.	Inflation Protection SA-R6	974,133	1,084,851
	Total Investments		<u>\$ 81,951,681</u>	<u>\$ 83,799,139</u>

* Represents a party-in-interest

See accompanying Independent Auditor's Report

Sponsor EIN # 45-2080495

Plan # 053

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
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Schedule SB, line 32—Schedule of Amortization Bases

Type of Base	Present Value of Installment	Date Established	Years Remaining	Amortization Installment
Shortfall	\$ 652,270	January 1, 2011	1	\$ 652,270
Shortfall	\$ (1,500,794)	January 1, 2012	2	\$ (765,687)
Shortfall	\$ 1,757,142	January 1, 2013	3	\$ 609,742
Shortfall	\$ (422,483)	January 1, 2014	4	\$ (112,163)
Shortfall	\$ (49,145)	January 1, 2015	5	\$ (10,646)
Shortfall	\$ 3,282,445	January 1, 2016	6	\$ 610,863
Shortfall	\$ (1,895,476)	January 1, 2017	7	\$ (311,260)

Schedule SB Attachment (Form 5500)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
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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 6.50% to 6.33% 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)—2017 Plan Year
Xylem Pension Plan for U.S. Hourly Employees
EIN: 45-2080495 PN: 053

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, 2017, 53 participants were reported as disabled. This table is being used for those disabled as of January 1, 2017 and those assumed to become disabled in the future.