

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;">2018</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>	
A	This return/report is for:
	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
	☒ a single-employer plan ☐ a DFE (specify) ____
B	This return/report is:
	☐ the first return/report ☐ the final return/report
	☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ☒
D	Check box if filing under:
	☒ Form 5558 ☐ automatic extension ☐ the DFVC program
	☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES</u>	1b	Three-digit plan number (PN) ▶ <u>203</u>
		1c	Effective date of plan <u>08/01/1990</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.	10/08/2019	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 (2018)
v. 171027

3a Plan administrator's name and address ☐ Same as Plan Sponsor BENEFIT ADMINISTRATION COMMITTEE FOR XYLEM INC. 1 INTERNATIONAL DRIVE RYE BROOK, NY 10573	3b Administrator's EIN 47-4483668 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	5 324
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) 284
a(2) Total number of active participants at the end of the plan year	6a(2) 287
b Retired or separated participants receiving benefits.....	6b 9
c Other retired or separated participants entitled to future benefits	6c 31
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 327
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 2
f Total. Add lines 6d and 6e	6f 329
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 280
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 3
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2T 3H 2K	
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
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

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

b General Schedules

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

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 2018 Form M-1 annual report. If the plan was not required to file the 2018 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 C</div> <div>(Form 5500)</div> <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>Service Provider 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>	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection.

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	203
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)

CROWE HORWATH LLP

35-0921680

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	ACCOUNTANT/AUDITOR	13581	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 65 71	RECORDKEEPER	12197	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

STRATEGIC ADVISORS, INC.

04-2654524

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	8335	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	203
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 XYLEM INC.	D Employer Identification Number (EIN) 45-2080495
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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: XYLEM INC. RET. SAV. MASTER TRUST

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

c EIN-PN 45-3304527-301	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17471439
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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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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

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

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

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018	
A Name of plan XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ► 203
C Plan sponsor's name as shown on line 2a of Form 5500 XYLEM INC.	D Employer Identification Number (EIN) 45-2080495

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	15080	22508
(2) Participant contributions	1b(2)	55770	59734
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property).....	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans.....	1c(8)	915432	803902
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	19241504	17471439
(12) Value of interest in 103-12 investment entities.....	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	0	0
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	20227786	18357583

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	8597	2660
k Total liabilities (add all amounts in lines 1g through 1j)	1k	8597	2660

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	20219189	18354923
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	276962	
(B) Participants	2a(1)(B)	975942	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1252904
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	51413	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		51413
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(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)	0	
(B) Other	2b(5)(B)	0	
(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)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-556285
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		0
c Other income.....	2c		11181
d Total income. Add all income amounts in column (b) and enter total	2d		759213

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2578685	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		2578685
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	8335	
(4) Other	2i(4)	36459	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		44794
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2623479

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1864266
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(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.)		X	
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.).....		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		15000000
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?		X	
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?.....		X	
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?.....		X	
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.)	X		
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.)		X	
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?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
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.		X	
4n		X	

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 _____. (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 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>203</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	
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>04-6568107</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	

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.)
----------------	---

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.
----------------	---

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) 2018
v. 171027

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****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

b The corresponding number for the second preceding plan year

15a**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

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

16a**16b**

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

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

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

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

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

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

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

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

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

XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES
FORM 5500, SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (Held at End of Year)
EIN#: 45-2080495 PN: 203
DECEMBER 31, 2018

(b) Identity of Issuer, Borrower, Lesser or Similar		(c) Description of Asset	(d) Cost**	(e) Current Value
(a) Party in interest	Party including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value			
*	Xylem Inc.	Xylem Inc. Common Stock	**	1,366,225
*	Fidelity	Retirement Government Money Market Fund	**	16,951
	New York Life	Anchor Account Stable Value (Collective Trust)	**	3,904,757
	Vanguard	Vanguard Total Intl Total Stock Index Fund	**	93,943
	JP Morgan	JP Morgan Core Plus Bond Fund	**	1,778,779
	Vanguard	Vanguard Extended Market Index Fund	**	199,871
	Vanguard	Vanguard Total Bond Market Index Fund	**	302,157
	MFS Investment Management	MFS Mid Cap Value Fund	**	79,465
	JP Morgan	JPM US Research Enhanced Equity Fund	**	2,430,192
	American Funds	American Funds EuroPacific Growth Fund	**	397,119
	American Funds	American Funds New Perspective Fund	**	503,185
	Vanguard	Vanguard FTSE Social Index	**	144,933
	Vanguard	Vanguard Institutional Index	**	562,299
	Vanguard	Vanguard Inst Target Retirement Income Fund	**	168,052
	Vanguard	Vanguard Inst Target Retirement 2015 Fund	**	497,757
	Vanguard	Vanguard Inst Target Retirement 2020 Fund	**	786,853
	Vanguard	Vanguard Inst Target Retirement 2025 Fund	**	2,270,250
	Vanguard	Vanguard Inst Target Retirement 2030 Fund	**	298,599
	Vanguard	Vanguard Inst Target Retirement 2035 Fund	**	431,498
	Vanguard	Vanguard Inst Target Retirement 2040 Fund	**	61,735
	Vanguard	Vanguard Inst Target Retirement 2045 Fund	**	189,913
	Vanguard	Vanguard Inst Target Retirement 2050 Fund	**	37,799
	Vanguard	Vanguard Inst Target Retirement 2055 Fund	**	27,244
	Vanguard	Vanguard Inst Target Retirement 2060 Fund	**	9,998
	Prudential	Prudential QMA Small Cap Value Fund	**	47,765
	John Hancock	John Hancock Disciplined Value Fund	**	142,159
	Principal Funds	Principal MidCap Fund	**	186,828
	JP Morgan	JP Morgan Large Cap Growth Fund	**	471,259
	Eagle Funds	Eagle Small Cap Growth Fund	**	63,854
*	Various	Participant Loans 4.25% to 6.25%	**	803,902
Total				18,275,341

* Represents Party-in-interest

** Cost information is not required for participant directed investments

Xylem Bell & Gossett Savings Plan for Hourly Employees

Financial Statements as of December 31, 2018 and 2017,
and for the Year Ended December 31, 2018,
and Supplemental Schedule as of December 31, 2018

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

INDEPENDENT AUDITOR'S REPORT

Benefits Administration Committee of Xylem Inc.
Xylem Bell & Gossett Savings Plan for Hourly Employees
Rye Brook, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Xylem Bell & Gossett Savings Plan for Hourly Employees (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2018 and 2017 and for the year ended December 31, 2018 that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

Other Matter

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018 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 financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "Crowe LLP". The "C" is large and stylized, and the letters are written in a cursive-like font.

Crowe LLP

New York, New York
September 24, 2019

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

December 31,	2018	2017
ASSETS		
Plan's interest in The Xylem Inc. Retirement Savings Master Trust	\$ 17,471,439	\$ 19,241,504
Receivables:		
Participant contributions	59,734	55,770
Employer contributions	22,508	15,080
Notes receivable from participants	908,048	1,017,936
Total receivables	990,290	1,088,786
Total assets	18,461,729	20,330,290
LIABILITIES		
Accrued expenses	2,660	8,597
Total liabilities	2,660	8,597
NET ASSETS AVAILABLE FOR BENEFITS	\$ 18,459,069	\$ 20,321,693

See accompanying notes to financial statements.

XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31,	2018
INVESTMENT ACTIVITY:	
Plan's interest in The Xylem Inc. Retirement Savings Master Trust investment loss	\$ (556,285)
OTHER INCOME	
	11,181
CONTRIBUTIONS	
Participant	975,942
Employer	276,962
Total contributions	<u>1,252,904</u>
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	
	51,413
DEDUCTIONS	
Distributions to participants	(2,577,042)
Administrative expenses	<u>(44,795)</u>
Total deductions	<u>(2,621,837)</u>
NET DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS	
	(1,862,624)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of period	20,321,693
End of period	<u><u>\$ 18,459,069</u></u>

See accompanying notes to financial statements.

XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of the Plan

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

General - The Plan is a defined contribution plan sponsored by Xylem Inc. (the "Company" and "Plan Sponsor") covering the hourly employees of Fluid Handling, LLC ("Employer") who are members of the bargaining unit represented by Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, U.A.W., as described by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan was established August 1, 1990 as the ITT Bell & Gossett Savings Plan for Hourly Employees. Effective October 31, 2011, The Xylem Inc. Retirement Savings Master Trust (the "Master Trust") was created by the Company to serve this and other Company savings plans.

The Benefits Administration Committee (the "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 and Investment Committee directs the managers of the Plan's investments.

The Company entered into a trust agreement with Fidelity Management Trust Company ("Fidelity"), effective July 1, 2016, to act as the Plan trustee, custodian and record keeper ("Trustee").

Investments in the Master Trust at December 31, 2018, are shown on the Master Trust Schedule of Assets (Held at End of Year) under identification number 45-3304527.

Effective January 1, 2018, the Plan was amended to clarify certain items, including the following:

- remove Xylem Inc. stock as funds available for loan redemption,
- clarify the way loans are taken out of investments and returned to investments upon repayment, and
- add a hierarchy for sources in the case of withdrawals and loans.

Various other plan amendments were executed during 2018 in order to perform administrative updates which had no material impact to the Plan.

Eligibility - Any regular full-time hourly person employed by the Employer who is a union member becomes eligible to participate in the Plan on the first day of the month immediately following one month of service with the Employer. Union members who are temporary or part-time employees are eligible upon completion of at least 1,000 hours of service in a 12 month period.

Contributions - Under the provisions of the Plan document, allowable contributions are outlined as follows:

Participant Contributions - A participant may generally elect to save 2% to 25% of base salary, as defined by the Plan document. A participant may designate savings as before-tax savings, after-tax savings, Roth savings or any combination of the three. A participant who is a highly compensated employee may be limited to less than 25% due to the operation of certain tests required under the Internal Revenue Code ("IRC").

Employer Contributions - The matching employer contribution for the Plan is 50% of the first 6% contributed by a participant. Participants have the option of investing the matching employer contributions in any available investment option. As a result of contract negotiations, the Company and Local 890 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, U.A.W., have agreed in

principle to a new labor agreement that was ratified on August 30, 2015. Effective January 1, 2016, the agreement created a core contribution ("Core" contribution) to be paid to employees ineligible to participate in the Xylem Bell & Gossett Pension Plan for Hourly Employees. The employer Core contribution of \$125 will be paid each quarter to those participant accounts belonging to employees hired after August 14, 2015 who are not eligible to participate in the pension plan (employee must be actively employed and eligible for the Plan on the last day of the quarter to receive the Core contribution).

Participant Accounts - Each participant's account is credited with the participant's contribution, the matching employer contribution, and an allocation of the Plan's investment earnings, forfeitures of matching employer contributions, and charged with the participant's withdrawals, loans, and an allocation of the Plan's investment losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investments - Participants designate the Plan funds in which their contributions, the matching employer contributions and core contributions are to be invested. All investments are participant-directed. Participant contributions can be invested in any or all of the various investment funds available in the Plan, except the Xylem Stock Fund or the brokerage account. Participants can elect to have all or a portion of their matching employer contributions and core contributions invested in the Xylem Stock Fund held in the Master Trust, subject to limitations per the Plan document. Participants may elect to allocate contributions among these funds in multiples of one percent (1%).

Vesting - The participant's interest in their contributions is fully vested at all times. The Company contribution portion of the participant's account is vested based on their number of years of service. A year of service is a period during which the participant completes 1,000 hours of service, as defined by the Plan document. With less than one year of service, the employee is 0% vested. With one year of service, the employee is 20% vested. With two years of service, the employee is 40% vested. With three years of service, the employee is 60% vested. With four years of service, the employee is 80% vested. With five or more years of service, the employee is 100% vested.

Benefits to Participants - Participants, or their surviving beneficiary, are entitled to the full vested value of their accounts following employment termination (including death, disability, or retirement) in a lump sum amount paid in cash or as a rollover to another qualified plan. In lieu of a lump sum payment, the participant can elect monthly, quarterly, semi-annual or annual installments, life expectancy installment payments, or partial distributions, as defined by the Plan document.

Participants are allowed to withdraw, at any time, any portion of after-tax participant contributions, and vested matching employer contributions, subject to Plan provisions.

Direct Rollover of Certain Distributions - With respect to an eligible rollover distribution, the participant may elect, at the time and in a manner as defined by the Plan document for such purpose, to have the Plan make a direct rollover of all or part of such withdrawal or distribution to an eligible retirement plan which accepts such rollover.

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

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

Forfeitures - Forfeitures result from termination of employment before full vesting has occurred. Forfeitures of matching employer contributions are used to offset future matching employer contributions or

administrative expenses of the Plan. Total forfeited non-vested accounts at December 31, 2018 and 2017 were \$13,165 and \$675, respectively. During the year ended December 31, 2018, forfeitures of \$9,884 were used to reduce matching employer contributions.

Notes Receivable from Participants - Participants may borrow from their account balance (a "loan") in any whole dollar amount, which must be at a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50% of the participant's vested interest in their account, reduced by the highest outstanding loan balance, if any, during the prior 12-month period. A loan is deducted from the investments in a Participant's account according to the hierarchy set by the Plan Administrator, per the Plan document. Effective January 1, 2019 the Plan was amended to allow for a limit of one outstanding loan. No new loans can be taken until current outstanding loans are paid off. There is a 30-day waiting period to request a new loan once the existing loans are paid off. General purpose loan terms range from one to 4.5 years. If the loan is used in the purchase of a primary residence, the loan term can be for a period of up to 14.5 years. The loans are secured by the balance in the participant's account and bear interest. The interest rate charged by the Plan is a reasonable rate of interest for loans commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances, as determined by the Plan document, and generally remains the same throughout the term of the loan. Principal and interest are paid ratably through payroll deductions. The interest rate is determined at the time the loan is processed, and shall remain in effect for the term of the loan.

Administrative and Investment Management Expenses - Expenses reasonably expected to be incurred to administer the Plan, including the Plan's recordkeeping and trustee services and loan origination fees associated with notes receivable from participants, are paid by the Employer.

The Plan Sponsor provides accounting and other administrative services to the Plan at no charge. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan.

Investment management fees are charged to the Plan by the majority of the investment funds. These investment management fees are included in the net asset value ("NAV") of the fund calculated by the investment manager of the respective fund and are reflected by the Plan as a reduction of investment return for such investments.

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 the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Risks and Uncertainties - The Plan holds an interest in various investments held within the Master Trust including common stock, collective trusts, guaranteed investment contracts and mutual funds (registered investment companies). Investment securities, 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 investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the values of participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition - The Plan's investments, other than fully benefit responsive contracts, are measured at fair value. Fair value is defined as the price that would be received to

sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). A more detailed description of the individual types of investments held in the Master Trust and their valuation methods can be found in Note 3.

Contract value is the relevant measure for the Plan's fully benefit-responsive investment contracts, because contract value is the amount participants generally receive when executing transactions under the terms of the contract and Plan provisions.

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

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

Benefits Paid to Participants - Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of participants who have elected to withdraw from the Plan but have not yet been paid as of December 31, 2018 and 2017. Additionally, for loans declared in default the principal and accrued interest are recorded as a distribution.

Notes Receivable from Participants - Notes receivable from participants are recorded at their unpaid principal balance, plus any accrued, but unpaid interest with no allowance for credit losses as repayments of principal and interest are received through payroll deductions and the notes are collateralized by the participants' accounts.

In the event that a participant fails to make repayment for three consecutive months, the loan is considered to be in default. In the event default is declared, the outstanding loan balance and any accrued interest may be treated as a withdrawal prior to termination of employment subject to the withdrawal provisions outlined in the Plan document and may be determined to be a fully taxable distribution from the Plan.

The financial statements include delinquent loan balances until specifically written off. The Form 5500 reflects the delinquent loans as distributions. See Note 11 for the reconciliation of the Plan's financial statements to Form 5500.

New Accounting Standards - In August 2018, the FASB issued guidance to amend required fair value measurement disclosures for public entities. The guidance includes new requirements to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. It also eliminated disclosure requirements for transfers between Level 1 and 2, valuation processes for Level 3 fair value measurements, and disclosure of the policy for timing of transfers between levels of the fair value hierarchy. The new guidance also modified certain other current disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2019. It is mostly effective prospectively, with a portion effective retrospectively. Early adoption is permitted. The Plan elected to early adopt this guidance effective December 31, 2018. The adoption of this guidance did not impact the Plan's financial statements.

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

to early adopt the new guidance effective December 31, 2018. The impact of the new guidance is not significant and has no material effect on the Plan's financial statements.

Note 3. 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 NAV per share (or its equivalent) as an alternative to the fair value hierarchy as discussed above.

The following are descriptions of the valuation methodologies and inputs used to measure fair value for major categories of investments.

- Employer Common Stock - Common stock is valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. Xylem Inc. stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol XYL and is valued at the Plan's year-end date. These securities are classified in Level 1 of the fair value hierarchy.
- Participant-Directed Brokerage Accounts - Securities held in BrokerageLink are valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. These securities are classified in Level 1 of the fair value hierarchy.
- Mutual Funds - Mutual funds of registered investment companies are publicly traded in active markets and valued at the closing price reported on those major markets on the measurement date. Mutual funds are classified within Level 1 of the fair value hierarchy.
- Collective Trusts ("CTs") - CTs are valued at fair value at the Plan's year-end date using the NAV provided by the administrators of the CTs as a practical expedient. Investments in CTs can be redeemed on a daily basis and there are no unfunded commitments. CTs are not classified within the fair value hierarchy but are included in the tables below to assist in reconciling to the amount on the statements of net assets available for benefits.

While the Plan Administrator believes that the valuation methods are appropriate and consistent with how other participants in the market value these types of investments, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used at December 31, 2018 and 2017.

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust investments measured at fair value at December 31, 2018.

	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient *	Total
Employer Common Stock	\$ 21,945,059	\$ —	\$ —	\$ —	\$ 21,945,059
Participant-Directed Brokerage Accounts	1,451,379	—	—	—	1,451,379
Mutual Funds	316,257,916	—	—	—	316,257,916
Collective Trusts	—	—	—	216,330,979	216,330,979
Totals	\$339,654,354	\$ —	\$ —	\$216,330,979	\$555,985,333

The following table sets forth by level within the fair value hierarchy a summary of the Master Trust investments measured at fair value at December 31, 2017.

	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient *	Total
Employer Common Stock	\$ 23,184,685	\$ —	\$ —	\$ —	\$ 23,184,685
Participant-Directed Brokerage Accounts	1,586,220	—	—	—	1,586,220
Mutual Funds	413,401,840	—	—	—	413,401,840
Totals	\$ 438,172,745	\$ —	\$ —	\$ —	\$ 438,172,745

* 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 Plan.

Note 4. Guaranteed Investment Contract

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

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

Restrictions - Participant-initiated transactions are those transactions allowed by the Plan, including withdrawals for benefits, loans, or transfers to noncompeting funds within a plan, but excluding withdrawals that are deemed to be caused by the actions of the Plan Sponsor. No direct transfers to competing investment options are permitted under the GIC. Any transfers out of the GIC must first go through a non-competing investment option and reside there for at least 90 days before transfer to a competing option, directed-brokerage account, or a mutual fund window. However, the GIC shall not be subject to a market value adjustment if the Plan provides at least 12 months advance written notice to NY Life. The following employer-initiated events may limit the ability of the Plan to transact at contract value:

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

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

Note 5. Information Certified by the Trustee

Substantially all information pertaining to the Plan's investments and notes receivable from participants included in the financial statements as of December 31, 2018 and 2017, and for the year ended December 31, 2018, including the associated investment income and interest earned on notes receivable from participants, was obtained or derived from information supplied to the Plan Administrator (as defined by the Plan document) and certified as complete and accurate by Fidelity. This information has not been audited by independent accountants.

Note 6. Master Trust - Unaudited

All of the Plan investments consist of an interest in an investment account of the Master Trust established by the Company and administered by Fidelity as of December 31, 2018 and 2017 and for the year ended December 31, 2018. Use of the Master Trust permits the commingling of trust assets with the assets of certain other Company savings plans for investment and administrative purposes. Although assets of participating plans are commingled in the Master Trust, supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans are maintained. The net assets of the Master Trust are allocated based on individual participant account balances in the respective plans. The daily net investment income of the investment assets is allocated by the Trustees to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. There were no investment assets held outside the Master Trust at December 31, 2018 and 2017.

The following table presents the investments in the Master Trust and the Plan's interest in the Master Trust at December 31, 2018 and 2017:

	Master Trust Balances		Plan's Interest in Master Trust Balances	
	2018	2017	2018	2017
Investments at fair value:				
Employer securities	\$ 21,945,059	\$ 23,184,685	\$ 1,366,225	\$ 1,617,495
Mutual funds	316,257,916	413,401,840	7,420,760	13,445,229
Participant-directed brokerage account	1,451,939	1,586,220	—	—
Collective trusts	216,330,979	—	4,779,697	—
Total investments at fair value	555,985,893	438,172,745	13,566,682	15,062,724
Investments at contract value:				
Stable value account	77,555,250	63,640,960	3,904,757	4,178,780
Total investments in Master Trust	<u>\$ 633,541,143</u>	<u>\$ 501,813,705</u>	<u>\$ 17,471,439</u>	<u>\$ 19,241,504</u>

The following table presents the (depreciation) appreciation in fair value for the year ended December 31, 2018 for the Master Trust and the Plan's interest in the Master Trust, including gains and losses on investments bought and sold, as well as held during the year:

	Master Trust Activity	Plan's Interest in Master Trust Activity
	2018	2018
Realized (loss)gain on purchases and sales	\$ (15,472,314)	\$ (107,260)
Unrealized (loss)gain on investments held	(45,289,581)	(1,164,903)
Net depreciation in fair value of investments	(60,761,895)	(1,272,163)
Interest and Dividend income	26,747,548	715,878
Total investment loss of the Master Trust	<u>\$ (34,014,347)</u>	<u>\$ (556,285)</u>

Note 7. Exempt Party-In-Interest Transactions

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

Fidelity is the Trustee, record keeper and custodian for all of the Master Trust's investments. Fidelity or one of its affiliates manages the Fidelity Government Money Market Fund. Fidelity received revenue from mutual fund service providers for services provided to the funds. This revenue was used to offset certain amounts owed to the record keeper for its administrative services to the Plan.

There were administrative services fees paid to Fidelity or one of its affiliates during 2018.

At December 31, 2018, the Master Trust held 328,834 shares of common stock of the Company with a cost basis of \$9.2 million. At December 31, 2017, the Master Trust held 339,893 shares of common stock of the Company with a cost basis of \$8.3 million. For the year ended December 31, 2018, the Master Trust recorded related net depreciation of \$1.4 million and dividends of \$.3 million on Company stock.

Notes receivable from participants also qualify as exempt party-in-interest transactions and amounted to \$908,048 and \$1,017,936 at December 31, 2018 and 2017, respectively.

Note 8. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions set forth in ERISA. If the Plan is terminated for any reason, all accounts shall become fully vested and non-forfeitable.

Note 9. Federal Income Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Plan Administrator by a letter dated July 14, 2017, that the Plan is qualified and tax-exempt under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and, as a result, the Plan's net investment income is exempt from taxation. Therefore, they believe the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date and 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, 2018 and 2017, 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 Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2015.

Note 10. Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through September 24, 2019, which is the date the financial statements were available to be issued. No significant events were noted, except as disclosed below.

Effective January 1, 2019, the Plan was amended to clarify certain items, including the following:

- add general changes to the hardship withdrawal rules,
- restrict in-service withdrawals to four per year, and
- restrict the number of outstanding loans allowed.

Note 11. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to net assets available for benefits per the Form 5500 as of December 31, 2018 and 2017:

	2018	2017
Net assets available for benefits per the financial statements	\$ 18,459,069	\$ 20,321,693
Less: amounts deemed distributed for tax purposes	(104,146)	(102,504)
Net assets available for benefits per the Form 5500	<u>\$ 18,354,923</u>	<u>\$ 20,219,189</u>

The following is a reconciliation of the decrease in net assets available for benefits per the financial statements to net income per Form 5500 for the year ended December 31, 2018:

	2017
Decrease in net assets available for benefits per the financial statements	<u>\$(1,862,624)</u>
Less: amounts deemed distributed for tax purposes - December 31, 2018	(104,146)
Add: amounts deemed distributed for tax purposes - December 31, 2017	102,504
Net loss per Form 5500	<u>\$(1,864,266)</u>

SUPPLEMENTAL SCHEDULE

**XYLEM BELL & GOSSETT SAVINGS PLAN FOR HOURLY EMPLOYEES
FORM 5500, SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS
(HELD AT END OF YEAR) AS OF DECEMBER 31, 2018**

**EIN#: 45-2080495
PN: 203**

(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
*	Notes receivable participants	Notes receivable from participants at interest rates from 4.25% to 6.25% maturing at various dates through August 2030, net of deemed distributions of \$104,146	**	\$ <u>803,902</u>

* Represents a party-in-interest

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

See accompanying Independent Auditor's Report