
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 21, 2011

XYLEM INC.

(Exact name of registrant as specified in its charter)

Indiana

*(State or other jurisdiction
of incorporation)*

001-35229

*(Commission
File Number)*

45-2080495

*(IRS Employer
Identification No.)*

**1133 Westchester Avenue, Suite 2000
White Plains, New York**

(Address of principal executive offices)

10604

(Zip Code)

(914) 323-5700

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02 Results of Operations and Financial Condition

Attached hereto as Exhibit 99.1 and incorporated by reference herein is the news release issued by Xylem Inc. on November 21, 2011, announcing the financial results for its fiscal quarter ended September 30, 2011.

This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 7.01 Regulation FD Disclosure

The following information is furnished pursuant to Item 7.01 Regulation FD Disclosure. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. Attached hereto as Exhibit 99.2 and incorporated by reference herein are slides posted on Xylem Inc.'s website on November 21, 2011, summarizing Xylem Inc.'s financial results for the quarter ended September 30, 2011.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release issued by Xylem Inc. on November 21, 2011.
99.2	Slides summarizing financial results posted by Xylem Inc. on November 21, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XYLEM INC.

Date: November 21, 2011

By: /s/ Frank R. Jimenez
Frank R. Jimenez
Senior Vice President, General Counsel and Corporate
Secretary
(Authorized Officer of Registrant)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release issued by Xylem Inc. on November 21, 2011.
99.2	Slides summarizing financial results posted by Xylem Inc. on November 21, 2011.



Xylem
1133 Westchester Ave., White Plains, NY 10604
Tel +1.914.323.5700 Fax +1.914.696.2960

NEWS RELEASE

Contact: Tom Glover (media)
tom.glover@xyleminc.com
+1.914.323.5891

Phil De Sousa (investors)
phil.desousa@xyleminc.com
+1.914.323-5930

Xylem Inc. reports Q3 revenue growth of 17 percent

WHITE PLAINS, N.Y., November 21, 2011 — Xylem Inc. (NYSE: XYL) a leading global water technology company focused on addressing the world's most challenging water issues, today filed a Form 10-Q report with the Securities and Exchange Commission outlining its third quarter 2011 business results. The company, which was spun off from ITT Corporation on October 31, 2011, reported third quarter revenue growth of 17 percent from the comparable period last year to \$939 million. Revenues grew 6 percent organically, excluding the impact of acquisitions and foreign exchange translation. The company recorded net income of \$77 million or pro forma earnings of \$0.42 per share. Excluding one-time separation costs of \$0.13 per share, Xylem showed adjusted pro forma earnings of \$0.55 per share, up 12 percent from the same period in 2010.

Other Xylem third quarter business highlights include:

- Orders of \$966 million, up 19 percent; up 9 percent organically
- Operating income of \$79 million; adjusted operating income of \$125 million, up 17 percent
- Operating margin of 8.4 percent; adjusted operating margin of 13.3 percent
- Cash from operations of \$252 million; free cash flow of \$235 million
- Completion of the YSI acquisition, bringing the company's analytical instrumentation platform to \$300 million.

Xylem's Form 10-Q and related slides, including reconciliations for certain non-GAAP measures, are available at <http://investors.xyleminc.com>.



Xylem
1133 Westchester Ave., White Plains, NY 10604
Tel +1.914.323.5700 Fax +1.914.696.2960

About Xylem

Xylem (XYL) is a leading global water technology provider, enabling customers to transport, treat, test and efficiently use water in public utility, residential and commercial building services, industrial and agricultural settings. The company does business in more than 150 countries through a number of market-leading product brands, and its people bring broad applications expertise with a strong focus on finding local solutions to the world's most challenging water and wastewater problems. Launched in 2011 from the spinoff of the water-related businesses of ITT Corporation, Xylem is headquartered in White Plains, N.Y., with 2010 annual revenues of \$3.2 billion and 12,000 employees worldwide.

The name Xylem is derived from classical Greek and is the tissue that transports water in plants, highlighting the engineering efficiency of our water-centric business by linking it with the best water transportation of all — that which occurs in nature. For more information, please visit us at <http://www.xyleminc.com>.

Forward-Looking Statements

Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the separation of Xylem Inc. (the "Company") from ITT Corporation, the terms and the effect of the separation, the nature and impact of the separation, capitalization of the Company, future strategic plans and other statements that describe the Company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used, words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

###



Q3 2011 Earnings Release

November 21, 2011



Forward Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 (the "Act"): Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the separation of Xylem Inc. (the "Company") from ITT Corporation, the terms and the effect of the separation, the nature and impact of the separation, capitalization of the Company, future strategic plans and other statements that describe the Company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used, words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements. Factors that could cause results to differ materially from those anticipated include, but are not limited to:

- Economic, political and social conditions in the countries in which we conduct our businesses;
 - Changes in U.S. or International government budgets;
 - Decline in consumer spending;
 - Sales and revenues mix and pricing levels;
 - Availability of adequate labor, commodities, supplies and raw materials;
 - Interest and foreign currency exchange rate fluctuations and changes in local government regulations;
 - Competition, industry capacity & production rates;
 - Ability of third parties, including our commercial partners, counterparties, financial institutions and insurers, to comply with their commitments to us;
 - Our ability to borrow or to refinance our existing indebtedness and availability of liquidity sufficient to meet our needs;
 - Changes in the value of goodwill or intangible assets;
 - Our ability to achieve stated synergies or cost savings from acquisitions or divestitures;
 - The number of personal injury claims filed against the Company or the degree of liability;
 - Our ability to effect restructuring and cost reduction programs and realize savings from such actions;
 - Government regulations and compliance therewith, including Dodd-Frank legislation;
 - Changes in technology;
 - Intellectual property matters;
 - Governmental investigations;
 - Potential future employee benefit plan contributions and other employment and pension matters;
 - Contingencies related to actual or alleged environmental contamination, claims and concerns;
 - Changes in generally accepted accounting principles; and
 - Other factors set forth in our Registration Statement on Form 10 and our other filings with the Securities and Exchange Commission.
- In addition, there are risks and uncertainties relating to the separation, including whether those transactions will result in any tax liability, the operational and financial profile of the Company or any of its businesses after giving effect to the separation, and the ability of the Company to operate as an independent entity.

The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Q3'11 Performance Summary

- Pro Forma Adjusted EPS of \$0.55, up 12%
 - Excludes \$0.13 One-Time Separation Costs
- Orders of \$966M +19%; Organic +9%
- Revenue of \$939M +17%; Organic +6%
- Adjusted Operating Income of \$125M +17%
 - Adjusted Operating Margin of 13.3%
- \$235M Free Cash Flow Generation; 84% Conversion
- Completed YSI Acquisition

Solid Performance

YSI Acquisition

- **History of strong revenue growth and profitability**
 - 2010 Revenues \$101M
- **Purchase Price \$309M**
 - Goodwill Recognized of \$192M
 - Intangibles of \$124M ... Avg. Annual Amortization of \$4M
- **Strategic Rationale:**
 - Solidifies our leading position in water & environmental analytical instrumentation
 - Adds an industry-leading fresh and salt water monitoring capability
 - Increases focus on outdoor environmental applications
 - Synergistic with our business ... complementary footprint and products



Growing \$300M Analytics Platform

Q3'11 Xylem Results

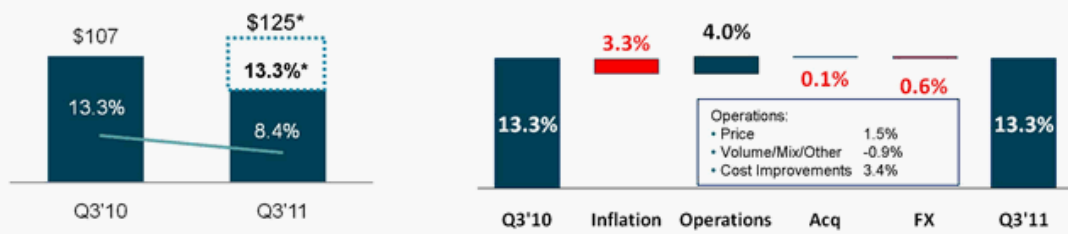
Orders (\$M)



Revenue (\$M)



Operating Income and Margin (\$M)

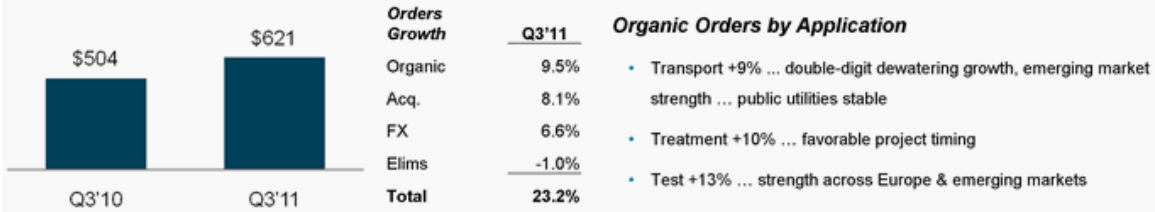


* Ex. \$46M of One-Time Separation Costs

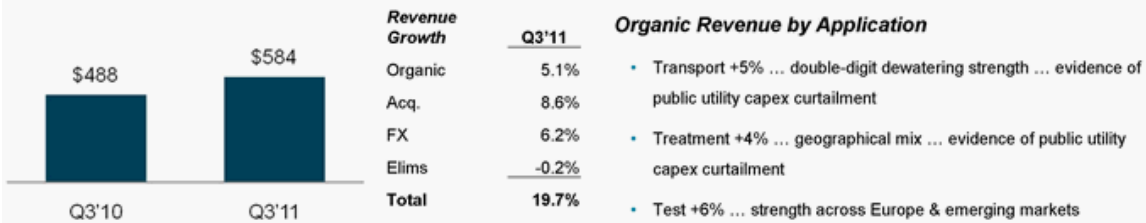
Strong Organic Orders & Sales ... Op Margin Reflects Standalone Costs

Q3'11 Water Infrastructure Segment Results

Orders (\$M)



Revenue (\$M)



Solid Organic Growth

Q3'11 Applied Water Segment Results

Orders (\$M)

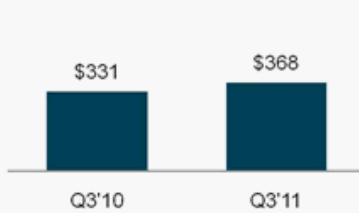


Orders Growth	Q3'11
Organic	8.1%
Acq.	-%
FX	3.1%
Elims	-%
Total	11.2%

Organic Orders by Application

- Building Services +4% ... new energy efficient solutions and large installed base driving global residential & commercial strength despite flat market conditions
- Industrial Water +11% ... general industrial up driven by new energy efficient solutions, food & beverage strength
- Irrigation +15% ... double-digit US growth

Revenue (\$M)



Revenue Growth	Q3'11
Organic	8.5%
Acq.	-%
FX	3.0%
Elims	-0.3%
Total	11.2%

Organic Revenue by Application

- Building Services +7% ... new energy efficient solutions and a large installed base driving global residential & commercial strength despite flat market conditions
- Industrial Water +9% ... general industrial up driven by new energy efficient solutions, food & beverage strength
- Irrigation +15% ... double-digit US growth

Strength Across Applications ... Favorable US Conditions

Q3'11 Segment Operating Income & Margin

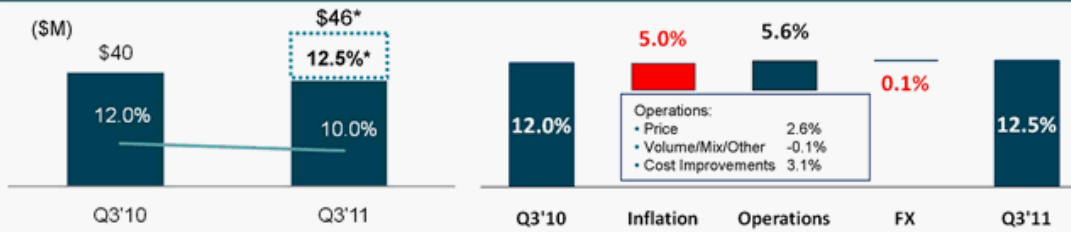
Water Infrastructure



* Ex. \$8M of One-Time Separation Costs

140 bps Improvement ... Com'l & Op Excellence +420 bps

Applied Water

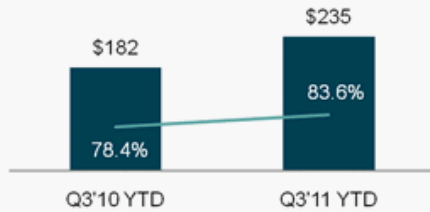


* Ex. \$9M of One-Time Separation Costs

Com'l & Op Excellence Offsets Significant Inflation

Free Cash Flow Conversion & Capex

Free Cash Flow¹ and Conversion (\$M)



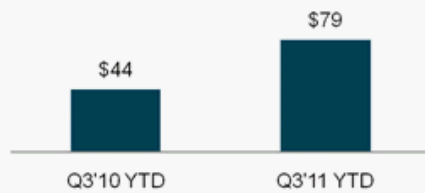
¹ Free Cash Flow = Net cash from operating activities - Capital expenditures, excluding separation spending

Operating Working Capital as % of Sales

(\$M)	2010	Q3'11
AR	\$ 690	\$ 753
Inv	389	437
AP	309	283
Working Capital	\$ 770	\$ 907
W/C as % Sales*	22%	24%

* (AR+INV-AP) / TTM Sales (adjusted for acquisitions)

Capex (\$M)



Capex Reinvestment (\$M)

	Q3'10 YTD	Q3'11 YTD
Capex	\$ 44	\$ 79
Depreciation	\$ 48	\$ 72
Reinvestment Ratio	0.9	1.1

Strong Cash Generation Supports Significant Reinvestment

Appendix

Update on Separation Costs

One-Time

	(\$M)	QTD Q3'11	YTD Q3'11
<ul style="list-style-type: none"> • Estimated one-time costs: <ul style="list-style-type: none"> - Professional services - Key employee retention - IT infrastructure - Branding • \$67M YTD September '11 • Post Spin costs: \$20 - \$30M 	Non-cash asset impairments	\$ 8	\$ 8
	Advisory fees	9	18
	IT Costs	10	17
	Employee retention	4	8
	Other	15	16
	Total separation costs in Op Income	46	67
	Tax-related separation (benefit) costs	(9)	5
	Income tax benefit	(12)	(18)
	Total separation costs, net of tax	\$ 25	\$ 54

Actively Managing

Quarterly Financial Performance

(\$M, Except EPS)	Q1'10	Q2'10	Q3'10	Q4'10	FY'10	Q1'11	Q2'11	Q3'11
Revenue	686	775	806	935	3,202	890	971	939
COGS	431	484	497	576	1,988	553	592	574
Gross Profit	255	291	309	359	1,214	337	379	365
SG&A	164	170	183	220	737	213	237	215
R&D	18	17	18	21	74	24	26	23
Separation Costs	-	-	-	-	-	3	18	46
Restructuring & Asset Impairment Charges, net	4	3	1	7	15	-	-	2
Op Income	69	101	107	111	388	100	116	79
Interest Expense	-	-	-	-	-	-	1	1
Other Non-Op	-2	-1	3	0	0	1	-	4
Income before Tax	67	100	110	111	388	101	115	82
Tax	11	15	19	14	59	23	43	5
Net Income	56	85	91	97	329	78	72	77
Pro-Forma EPS *	\$0.30	\$0.46	\$0.49	\$0.53	\$1.78	\$0.42	\$0.39	\$0.42

Non-GAAP Measures

Management views key performance indicators including revenue, segment operating income and margins, orders growth, and backlog, among others. In addition, we consider certain measures to be useful to management and investors evaluating our operating performance for the periods presented, and provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenues, operating income, net income or net cash from continuing operations as determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

“Organic revenue” defined as revenue excluding the impact of foreign currency fluctuations, intercompany transactions, and contributions from acquisitions and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for classification as a discontinued operation or insignificant portions of our business that we did not classify as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations assumes no change in exchange rates from the prior period.

“EBITDA” defined as earnings before interest, taxes, depreciation, amortization expense, and share-based compensation. **“Adjusted EBITDA”** reflects the adjustment to EBITDA to exclude for one-time separation costs associated with the Xylem spin-off from ITT Corporation.

“Adjusted Operating Income” and **“Adjusted Pro Forma EPS”** defined as operating income and earnings per share, adjusted to exclude one-time separation costs associated with the Xylem spin-off from ITT Corporation.

“Free cash flow” defined as net cash from operating activities, as reported in the Statement of Cash Flow, less capital expenditures and other significant items that impact current results which management believes are not related to our ongoing operations and performance. Our definition of free cash flows does not consider non-discretionary cash payments, such as debt.

Non-GAAP Reconciliation: Organic Orders

Xylem Inc. Non-GAAP Reconciliation
Reported vs. Organic Order Growth
(\$ Millions)

	(As reported - GAAP)				(As Adjusted - Organic)				
	(A)		(B)		(C)	(D)	(E)	(F) = B+C+D+E (G) = F/A	
	2011 Orders	2010 Orders	Change 2011 vs. 2010	% Change 2011 vs. 2010	Acquisitions / Divestitures	FX Contribution	Elims	Change Adj. 2011 vs. 2010	% Change Adj. 2011 vs. 2010
<u>Quarters Ended September 30</u>									
Xylem	966	810	156	19.3%	(41)	(42)	-	73	9.0%
Water Infrastructure	621	504	117	23.2%	(41)	(33)	5	48	9.5%
<i>Transport</i>	467	380	87	22.8%	(25)	(26)	-	36	9.4%
<i>Treatment</i>	95	81	14	17.1%	-	(6)	-	8	10.1%
<i>Test</i>	55	31	23	73.7%	(16)	(3)	-	4	12.8%
Applied Water	358	322	36	11.2%	-	(10)	-	26	8.1%
<i>Building Services</i>	188	174	14	8.0%	-	(6)	-	8	4.3%
<i>Industrial Water</i>	138	120	18	14.9%	-	(4)	-	14	11.4%
<i>Irrigation</i>	22	19	3	15.4%	-	-	-	3	15.4%

Note – Application amounts above reflect 3rd party transactions; due to rounding the sum of application amounts may not agree to segment totals

Non-GAAP Reconciliation: Organic Revenue

Xylem Inc. Non-GAAP Reconciliation
Reported vs. Organic Revenue Growth
(\$ Millions)

	(As reported - GAAP)				(As Adjusted - Organic)				
	(A)		(B)		(C)	(D)	(E)	(F) =	
	2011 Revenue	2010 Revenue	Change 2011 vs. 2010	% Change 2011 vs. 2010				B+C+D+E	(G) = F/A
				Acquisitions / Divestitures	FX Contribution	Elims	Change Adj. 2011 vs. 2010	% Change Adj. 2011 vs. 2010	
<u>Quarters Ended September 30</u>									
Xylem	939	806	133	16.5%	(42)	(39)	-	52	6.5%
Water Infrastructure	584	488	96	19.7%	(42)	(30)	1	25	5.1%
<i>Transport</i>	430	365	65	17.9%	(27)	(21)	-	18	4.8%
<i>Treatment</i>	95	86	9	10.4%	-	(5)	-	4	4.2%
<i>Test</i>	55	34	21	59.9%	(15)	(3)	-	2	6.3%
Applied Water	368	331	37	11.2%	-	(10)	1	28	8.5%
<i>Building Services</i>	195	178	17	9.6%	-	(4)	-	13	7.1%
<i>Industrial Water</i>	140	125	15	12.0%	-	(4)	-	11	9.1%
<i>Irrigation</i>	23	19	4	21.1%	-	(1)	-	3	15.1%

Note – Application amounts above reflect 3rd party transactions; due to rounding the sum of application amounts may not agree to segment totals

Non-GAAP Reconciliation: Adjusted EBITDA

Xylem Inc. Non-GAAP Reconciliation
 Net Income vs. Adjusted EBITDA
 Third Quarter 2011 & 2010
 (\$ Millions)

	Third Quarter		Year to Date	
	2011	2010	2011	2010
Net Income	77	91	227	232
Income Tax Expense	5	19	72	45
Depreciation	25	20	72	48
Amortization	11	8	32	19
Share-Based Compensation	2	2	7	7
EBITDA	120	140	410	351
Separation Costs	46	-	67	-
Adjusted EBITDA	166	140	477	351
Revenue	939	806	2,800	2,267
Adjusted EBITDA Margin	17.7%	17.4%	17.0%	15.5%

Non-GAAP Reconciliation: Adj. Operating Income

Xylem Inc. Non-GAAP Reconciliation
 Operating Income vs. Adjusted Operating Income
 Third Quarter 2011
 (\$ Millions)

	Operating Income	Separation Costs	(A) Adj. Operating Income	(B) Revenue	A / B Adj. Operating Margin
<u>Nine Months Ended September 30, 2011</u>					
Xylem	296	67	363	2,800	13.0%
Water Infrastructure	245	10	255	1,737	14.7%
Applied Water	133	9	142	1,108	12.8%
<u>Quarter Ended September 30, 2011</u>					
Xylem	79	46	125	939	13.3%
Water Infrastructure	87	8	95	584	16.3%
Applied Water	37	9	46	368	12.5%

Non-GAAP Reconciliation: Adj. Pro Forma EPS

Xylem Inc. Non-GAAP Reconciliation
Adjusted Proforma EPS
Third Quarter 2011 & 2010
(\$ Millions, Except EPS)

	Third Quarter		Year to Date	
	2011	2010	2011	2010
Net Income	77	91	227	232
Separation Costs	25	-	54	-
Adjusted Net Income	<u>102</u>	<u>91</u>	<u>281</u>	<u>232</u>
Proforma Shares Outstanding	<u>184.6</u>	<u>184.6</u>	<u>184.6</u>	<u>184.6</u>
Adjusted Pro Forma Earnings Per Share	<u>\$0.55</u>	<u>\$0.49</u>	<u>\$1.52</u>	<u>\$1.26</u>

Non-GAAP Reconciliation: Free Cash Flow

Xylem Inc. Non-GAAP Reconciliation
 Net Cash - Operating Activities vs. Free Cash Flow
 Nine Months Ended September 30, 2011 & 2010
 (\$ Millions)

	Nine Months Ended	
	2011	2010
Net Cash - Operating Activities	252	226
Capital Expenditures	(79)	(44)
Free Cash Flow, including separation costs	173	182
Separation Costs (Cash Paid incl. Capex)	62	-
Free Cash Flow, excluding separation costs	235	182
Net Income	227	232
Separation Costs	54	-
Adjusted Net Income	281	232
Free Cash Flow Conversion	83.6%	78.4%

xylem

Let's Solve Water

NYSE: XYL

Phil De Sousa, Investor Relations Officer

(914) 323-5930

Janice Tedesco, Investor Relations Coordinator

(914) 323-5931

<http://investors.xylem.com>